

6. Builders of the future

In each of the following chapters, the main short- and medium-to-long-term impacts associated with the three pillars of the 2022-2028 Sustainable Value Creation Plan are reported, with an indication of the capitals on which these impacts have the most significant effect: each action envisaged by the Plan generates multiple short- and medium-to-long-term effects which, in turn, may impact more than one type of capital.

Builders of the future



for the future of the planet

- Digitalise to bring about the energy transition and decarbonisation
- Contribute to the fight against climate change
- Protect the ecosystems and promote a circular economy



for the future of people

- Improve the quality of life and ensure the safety of employees, citizens and the national energy system
- Develop and disseminate the skills of the future
- Valorise diversity and support equal opportunities and inclusion



for a sustainable future together

- Promote innovation and dialogue through partnerships
- Promote the principles of Sustainability in the supply chain
- Take care of the territory



6.1 Italgas for the future of the planet



SDG



GRI

302, 303, 305, 306.

The Group's commitment to environmental protection and decarbonisation issues runs through all its business components:

- In the distribution of natural gas, the company is called upon to meet the energy needs of its eight million users in a sustainable manner. That is why it is committed to continuously improving its infrastructure as well as extending it, with the aim of making it fully digital and increasingly secure, as well as more accessible. Through digitisation, networks are adapted to accommodate and distribute different and renewable gases such as biomethane, biogas and hydrogen.
- In the water sector, in which Italgas operates, the modernisation of the infrastructure in technological and digital terms enables a more efficient management of such a precious resource, while at the same time improving the quality of the service offered.
- By enhancing the activities of the ESCo Geoside and reducing the Group's energy consumption and emissions, Italgas continues to strengthen its role as an active player in the fight against climate change.

Moreover, Italgas' commitment is reflected in the protection of the ecosystems in which it operates and in the promotion of the circular economy.



Our guiding principles for value creation are the realization of new networks ready to handle renewable gases and the push on efficiency for a streamlined use of resources



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Specific material topics

- Network digitalization and innovation
- Energy transition and fight against climate change
- Management of ecosystem and biodiversity
- Adoption of circular economy principles

Transversal material topics

- Compliance, transparency and fight against corruption
- Responsible governance and risk management
- Economic value generation and ESG finance

Medium-to-long-term impacts of our activities

<ul style="list-style-type: none"> – Decarbonisation of the Country in accordance with EU goals – Mitigation of environmental impacts, protection of the ecosystems, support for the EU circularity goals 	 <p>Natural capital</p>
<ul style="list-style-type: none"> – Safe and efficient access to energy for all – Energy security of the Country – Economic development of the Country 	 <p>Financial capital</p>
<ul style="list-style-type: none"> – Digitalisation, innovation, efficiency, safety and Sustainability of the gas distribution infrastructure – Safe and efficient access to energy for all – Energy security of the Country 	 <p>Manufactured capital</p>
<ul style="list-style-type: none"> – Digitalisation, innovation, efficiency, safety and Sustainability of the gas distribution infrastructure – Energy security of the Country 	 <p>Intellectual capital</p>
<ul style="list-style-type: none"> – Digitalisation, innovation, efficiency, safety and Sustainability of the gas distribution infrastructure – Decarbonisation of the Country in accordance with EU goals – Safe and efficient access to energy for all 	 <p>Relationship capital</p>



We contribute to the fight against climate change

Actions	Target	2022 Performance
Enhancing the activities of ESCo Geoside	<ul style="list-style-type: none"> - 280,000 MWh saved by ESCo customers, corresponding to about 62,000 tons of CO₂, thanks to energy efficiency interventions implemented between 2022 and 2028 	9,530 <hr/> tCO ₂ eq
Reducing the Group's energy consumption and greenhouse gas emissions	<ul style="list-style-type: none"> - -34% of Scope 1 and 2⁷⁴ emissions by 2028, -42% by 2030 (baseline 2020), Net Zero Carbon by 2050 - -27% of net energy consumption by 2028, -30% by 2030 (baseline 2020) - -25% Gas leakage rate⁷⁵ by 2028 (baseline 2020) 	-18.5% <hr/> Scope 1 and 2 emissions
		-20.3% <hr/> net energy consumption
		-13% <hr/> gas leakage rate
Reducing the GHG emissions from the Group's value chain	<ul style="list-style-type: none"> - -30% Scope 3 emissions by 2028 (baseline 2020) 	-25% <hr/> Scope 3 emissions

74. Market-based.

75. Volume of fugitive emissions of natural gas/volume of gas distributed



We count on digitalisation to bring about the energy transition and the decarbonization

Actions	Target ⁷⁶	2022 Performance
Repurposing the network to increase its flexibility and ensure the necessary connections for the distribution of biomethane and hydrogen	<ul style="list-style-type: none"> – 100% network ready to accommodate hydrogen by 2028 – 100% digitised network by 2024 	<p>95% of the network is already compatible with a 20% H2, in blend H2NG (plants currently compatible up to 2%)</p> <p>At the end of 2022, DANA operated 80 of the 767 plants in the Italgas Group's network. There are 2,091 digitised sub-networks, out of the Italgas Group's total of 5,550 sub-networks (total figure as at 31 December 2022)</p>
Extending the network to non-methanised territories	<ul style="list-style-type: none"> – 100,000 new users connected to the extensions of Group's natural gas distribution networks by 2028, in areas currently not methanised, thus replacing more polluting sources, allowing sector coupling and reducing costs for customers 	<p>6,000</p> <p>new users connected to the Group's natural gas distribution network expansions in Italy</p>



We protect ecosystems and promote a circular economy

Actions	Target	2022 Performance
Introducing ecodesign principles in smart meters production	<ul style="list-style-type: none"> – 50% of all active smart meters designed according to «Design for environment» criteria in lieu of GPRS meters by 2028 	<p>In 2022, the first prototype was produced and manufactured, and around 20,000 pre-series pieces are scheduled for production towards the end of 2023</p>
Reducing the amount of waste sent on for disposal	<ul style="list-style-type: none"> – 100% of waste produced annually by the Group sent on for recovery by 2028 – 93% of waste produced annually by the contractors of the Group sent on for recovery by 2028 	<p>97.6%</p> <p>of annual waste produced by the Group sent for recovery</p> <p>94.5%</p> <p>of annual waste produced by the Group's contractors sent for recovery</p>
Managing and mitigating the impact of the Group on the ecosystems	<ul style="list-style-type: none"> – Realisation by 2024 of an integrated model for the evaluation, management and monitoring of the impacts of Group activities on the ecosystems 	<p>Issuance of Guidelines for Biodiversity and Ecosystem Services (BES) Management and Ecological Sensitivity Mapping for the Biodiversity of Italgas Assets</p>

76. The targets refer to the scope of Group companies consolidated on a line-by-line basis as at 2021, thus not including any changes as a result of ATEM tenders, M&A transactions and DEPA Infrastructure.

6.1.1 Network innovation and digitisation to enable energy transition and decarbonisation

The innovation is the main driver of the Italgas development strategy. The Company's capacity to consolidate its leadership position in Italy and Europe by being at the forefront, also at a global level, in the gas distribution segment, is driven by technological innovation.

The 2022-2028 Strategic Plan has recorded an increase in investments, mainly driven by digitisation. With the aim of completing the digital transformation of assets and making Italgas to all intents and purposes a leader in the energy transition, the Group has allocated more than € 1.5 billion (+100 million on the previous Plan) to the digitisation of the networks; a plan in line with the European decarbonisation objectives and the development of renewable gases such as biomethane, synthetic methane and green hydrogen.

Scheduled Gas Leakage Detection

For leak detection activities, since 2018 Italgas has been implementing CRDS technology (Cavity Ring-Down Spectroscopy) – developed by the US company Picarro Inc.: this is a sophisticated sensing technology that, compared to traditional technologies, offers significant advantages in terms of speed of execution and the size of the areas subject to inspection and the accuracy of readings; in fact, it is equipped for:

- detecting fugitive emissions with a sensitivity three times greater than those currently used by all other industry players (parts per billion vs parts per million);
- detecting a gas leak even at a distance of several dozen metres from the route covered by the equipped vehicle, thanks to specific on-board sensors and sophisticated calculation software.

This makes Italgas one of the first, very few, gas distributors in Italy and Europe to carry out scheduled gas leakage detection, also extended to all the underground and overhead connections, albeit this activity is not prescribed by current legislation and regulations. Right from the first applications, the technology – which is now a full part of the management of the distribution network – has made it possible to inspect the whole of the Group's network on an annual basis, i.e. respectively three (for high-/medium-pressure pipes) and four (for low-pressure pipes) times the annual requirement laid down by ARERA.

This technology, coupled with the subsequent localisation and elimination of leaks, puts Italgas in a cutting-edge position, also in terms of the work it does to limit leaks, a topic to which the European Commission pays close attention.

With the proper start-up of the land-based network monitoring system using CRDS technology, Italgas has also applied the system in different, very specific urban contexts, like Venice, where the natural gas distribution network has no equals worldwide, due to the undersea pipes, clamped to the arches of the bridges or below the pedestrian crossings. The network monitoring in

the lagoon is thus carried out using a boat equipped in a similar manner to the cars and that applies and benefits from the same specifications.

In addition, to improve the efficiency and safety of its networks, in 2022 Italgas adopted GIS4WARD, an application developed as a team by the Asset Performance & Technology Departments of Italgas Reti and Bludigit, in partnership with the Polytechnic University of Turin, which will project the Group towards increasingly smarter and more proactive network maintenance. This technology, in fact, enables one of the world's most advanced approaches to predictive maintenance applied to gas networks, based on a virtual ecosystem that, through the creation of "behavioural maps" of pipelines, obtained by combining data collected from digital networks and surveys carried out with the CRDS Picarro technology, allows targeted investments to be planned in order to further reduce network leakage and the Company's carbon footprint.

Digitisation of the reduction units

Thanks to new digital technologies, Italgas Reti has started completion of the digitisation and remote supervision of network infrastructures and systems, through the installation of sensors and actuators, directly connected to RTUs (Remote Terminal Units) for two-way communication between the field and the control and command centre. During 2022, the project continued – within the Digital Factory – to develop and integrate into the application map the new tool that would allow the greatest possible benefit to be derived from the digitisation and remote supervision project. This application, one-of-a-kind worldwide and developed entirely by Italgas and Bludigit, is called DANA (Digital Advanced Network Automation) and has an in-built GIS (Geographical Information System) and a SCADA-type supervision system, which benefits from the support of dedicated HMIs (Human Machine Interfaces), precisely with the aim of managing and controlling the network as a whole from a single operating room, including renewable gas injections such as connections with biomethane production plants. In 2022, DANA's roll-out began on the Group's distribution plants: at the end of the year, 21 Italgas Reti plants and 63 Medea plants were remotely controlled by means of DANA. It is expected that by the end of 2024, the whole of the Group's plants will be remotely controlled on DANA.

Other significant activities

In Italgas Reti's Device and Material Testing (LAB) laboratories, within the centre of technological excellence in Asti that operates according to the standard ISO 17025 for the tests and calibrations indicated on the accreditation certificates on the Accredia website, test and calibration methods are developed and updated in connection with innovative systems and products for each individual production process and the various specialised activities connected with gas distribution are monitored. In 2022, activities continued in relation to instrumental tests on gas odourisation, the calibration of gas meters and other instrumentation supporting gas distribution activities, as well as mechanical tests on network materials.

The integration of green gases in the networks

The transformation of the networks involves digitisation, but not only this. Over the period 2022-2028, Italgas planned around € 100 million of investments related to new biomethane connections. The main green gas development initiatives include:

- the Power-to-Gas pilot project in Sardinia, near Cagliari, the very first application in the UE, aimed at verifying the whole green hydrogen chain, from the production of hydrogen from electricity produced by photovoltaic panels, to the distribution in the networks and the end uses, such as mobility, industrial applications and residential uses, which is scheduled to be launched in 2024. Italgas believes that Power-to-Gas technology is another way in which gas and electricity sectors are merging, able to offer a reliable solution to the problem of the reduced programmability of renewable resources. The plant will be connected to the new “digital native” networks that Italgas, through the associate Medea, has developed in Sardinia. The region, which was once the only one in Italy not reached by natural gas, can, in fact, today boast the country’s most modern infrastructure; a network that guarantees greater efficiency and quality of gas distribution service, and which, thanks also to this project, will allow renewable gas to be received and distributed to end customers, making the achievement of decarbonisation targets ever more concrete;
- the design and development of a new generation, hydrogen ready Italgas smart meter, which integrates green gas metering and management functions. In 2022, the first prototype was produced and manufactured, and around 20,000 pre-series pieces are scheduled for production and field installation towards the end of 2023, followed by the subsequent commercial launch expected for end 2024;
- the Italgas laboratory revamping plan, through the revision of the mission, the activities and their organisation, pursuing the aim of transforming them into a real centre of European excellence on the natural gas front and new renewable gases in support of the energy transition;
- The development of a reverse flow project in support of the Italyn biomethane chain development, consisting of the design of innovative two-way distribution plants that enable the reversal of gas flow (from the local distribution network to the national transmission network) in the presence of an introduction of biomethane that cannot be completely absorbed by the distribution network during periods of low user demand. More specifically, through the development of bi-REMI cabins, the distribution network can be evolved from a mere infrastructure for taking energy to end customers to an evolved tool for the collection of gas and the relaunch onto the transmission network of renewable and non-renewable gas.



Power to Gas Rendering
Sardinia

The possibility of improving performance in terms of technical and commercial quality also depends on the technological component made available to the customer. In this respect, Italgas has substantially completed the replacement of traditional meters with new generation digital smart meters with new functions. See paragraph 4.3 "Operating performance" for further details.

Bludigit and digital network transformation

The optimal trade-off of innovative drive and safety, resilience and sustainability of solutions is the aim of Italgas' digital transformation, which in 2022 took another important step forward in terms of evolution of the business capability and way of working.

Lastly, new machine learning solutions have been developed, capable of expanding predictive maintenance to other assets in the digitised network, as well as optimising the use and set-up of those assets.

As part of the innovation and digital transformation process pursued by Italgas, Bludigit, the Group's new company, was established in 2021 with the aim of offering the market new proprietary technology solutions through an ecosystem of technology partners. Through the Digital Factory, i.e. the Group's innovation hub, Bludigit has been helping to digitise processes and improve operations as well as assisting in network management and service quality since 2018.

In 2022 Bludigit continued to effectively support the achievement of the Group sustainability targets, thanks to the numerous initiatives aimed at optimising the digital solutions and the use of the cloud resources needed, redesigning processes taking a paperless approach and contributing to the ecological transition through all projects striving to achieve complete network digitisation. Some examples are: the new AMPER-billing solution, the GIS4WARD Smart Maintenance solution, the digitisation of the odouriser replenishment processes, the digitisation of health surveillance processes, the new facility management platform.

In 2022, Bludigit consolidated its business engagement and performance and investment control model, which ensured further scale-up of the digital transformation plan along with the value it will bring to the business.

Finally, Bludigit will assure the IT integration and digital transformation of the companies within the DEPA Infrastructure Group scope.

6.1.2 Attention to the environment

The challenges contained in the Sustainable Value Creation Plan, already included in the 2022-2028 Strategic Plan, have led to a review of the specific targets in terms of further reductions in emissions and energy consumption, in line with the climate targets, also long-term, set by the European Union.

The sustainability targets set for 2028 aim to reduce CO₂ emissions and energy consumption, allowing the Group to stay ahead of the EU's 2030 targets. Thanks to network digitisation and technological innovations, Italgas expects to have reduced climate-changing emissions (Scope 1 and Scope 2) by 34% and net energy consumption by 27% by 2028, both compared to 2020 levels⁷⁷. Furthermore, the Italgas Group has set itself targets in line with the main timelines defined by the Green Deal: -42% in climate-altering emissions and -33% net in energy consumption by 2030 (with the same baseline and scope as defined for the previous targets) and a "Net Zero Carbon Target" by 2050, based on the above initiatives and carbon removal activities from 2030 onwards.

Lastly, the Group has also set specific targets on Scope 3 greenhouse gas emissions related to its supply chain, planning a 30% reduction by 2028 and a 33% reduction by 2030 compared to 2020⁷⁸, through increased engagement with its suppliers. The Group has also set itself a "Net Zero Carbon Target" for Scope 3 emissions by 2050, also based on carbon removal activities from 2030 onwards.

Italgas plans to make significant contributions to the achievement of the sustainability targets thanks to various initiatives developed with Geoside, the Group's ESCo, aimed at energy efficiency of the Group's assets in both the industrial and civil sectors, training activities for employees on energy efficiency issues, as well as the development of a predictive maintenance plan on gas networks, aiming to drastically reduce dispersion in the atmosphere.

77. With the same scope, excluding any changes following M&As, DEPA Infrastructure and ATEM (Minimum Territorial Area) tenders.

78. With the same scope, excluding any changes following M&As, DEPA Infrastructure and ATEM (Minimum Territorial Area) tenders.

With regard to civil consumption, the restructuring of several important company offices already completed, already under way or planned, will help further reduce the energy demand and, as a result, related emissions. Lastly, net industrial electricity consumption is also expected to be cut significantly, due to the commissioning of innovative cogeneration and turbo-expansion plants at some Italgas Reti citygates, which will allow self-generated electricity to be used to satisfy the Group's needs (the four plants installed during 2022 at Pantano (RM), Riva at Chieri (TO), Rosta (TO) and Caselette (TO) will be fully operational starting from the early months of 2023).

Policies and commitments

All Italgas' business is carried out paying close attention to the environment, natural resources and public and personal safety, considering all these as key factors to the sustainable development of the business and the territory.

The commitment on these issues is expressed in the "Health, Safety, Environment, Quality and Energy Policy (HSEQE)" of the Italgas Group, developed on the basis of company policies and in line with the Code of Ethics aimed at enhancing and protecting natural and human resources, essential values for the Company. This Policy stresses the Company's commitment to considering its Integrated Management System one of the main stimuli for involving personnel and improving its processes, basing operational choices on correctness, professionalism and compliance, to ensure the supply of a service based on the best quality standards in order to satisfy Customer expectations.

Some of the commitments on which the Policy is based are stated below:

- to guarantee, using suitable management and organisational procedural tools, the Customer's right to the accessibility and use of services;
- to optimise company processes in order to reach maximum efficiency and effectiveness levels, in compliance with the health and safety of workers and maximum attention for the environment;
- to design, implement, manage and dispose of facilities, constructions and assets, to protect worker health and safety, the environment, energy savings, while aligning with the best technologies available and sustainable economically;
- to conduct and manage activities in order to prevent incidents, accidents and occupational diseases;
- to ensure the information, training, and awareness of personnel for an active and responsible participation in the implementation of the principles and the achievement of the objectives;
- to implement sustainable use of natural resources, prevent pollution and protect ecosystems and biodiversity;
- to implement operational and management actions to reduce greenhouse gas emissions, with a climate change mitigation approach;
- to manage waste to reduce its production and promote recovery in its final destination.

In line with the Group's Management Models, the Company applies a regulatory system which aims to guarantee the safety and health of people (employees, end customers, contractors, etc.), prevent accidents, ensure the protection of the environment and public safety and the rational use of energy.

The effective implementation of the policy in relation to issues of health, safety and the environment is guaranteed and monitored by the department responsible for the direction, management and control of HSE activities. In 2022, 43,007 hours of training on HSE aspects were delivered. In addition, more than 400 awareness-raising/information meetings have been held for employees and approximately 40 for contractors, involving more than 160 companies.


During 2022, the Italgas Group did not receive any significant sanctions for breaching environmental laws and regulations, just like in the two previous years.


Due to the short period of consolidation of the Greek companies (September-December 2022), the data and information reported in this chapter refer to the Italgas perimeter (referred to as "Group") and, where available, also to the Greek perimeter, which is presented separately. The detailed analyses, for the reasons set out above, therefore refer to the Italgas perimeter.

Consumption

The energy source used the most in the Group's activities is natural gas, in both civil and industrial uses, and for vehicles. Since 2016, Italgas has been monitoring its consumption with the aim of reducing its environmental impact over time according to a continuous improvement process in line with the objectives identified in its 2022-2028 Strategic Plan.

Energy consumption totalled 472,0 TJ in 2022. The figure shows a marked improvement over 2021 (-125.2 TJ, corresponding to a reduction of -21.0%).

 Italy					
Net energy consumption ⁷⁹	u.m.	2020	2021	2022 ⁸⁰	% Change 2021-2022
Fuel energy consumption for industrial use	TJ	322.5	319.3	242.6	-24.0%
Fuel energy consumption for civil use	TJ	45.5	46.7	32.4	-30.6%
Fuel energy consumption for vehicles	TJ	123.0	137.2	111.5 ⁸¹	-18.7%
Net electricity consumption for industrial use	TJ	56.8	56.6	51.7	-8.7%
Net electricity consumption for civil use	TJ	44.0	37.1	33.5	-9.7%
Thermal energy consumption for civil use	TJ	0.3	0.3	0.3	0.0%
Total	TJ	592.1	597.2	472.0	-21.0%

 Greece		
Net energy consumption	u.m.	Sep-Dec 2022
Fuel energy consumption for industrial use	TJ	1.2
Fuel energy consumption for civil use	TJ	0.5
Fuel energy consumption for vehicles	TJ	4.5
Net electricity consumption for industrial use	TJ	0.4
Net electricity consumption for civil use	TJ	2.1
Total	TJ	8.7

Fuel energy consumption for industrial use

In 2022, fuel energy consumption for industrial use recorded a decrease of 76.7 TJ, falling from 319.3 TJ to 242.6 TJ (-24.0% compared to 2021).

Thanks to the efficiency initiatives implemented, a decrease was recorded in industrial self-consumption of natural gas for the gas preheating process: over the year, at Italgas Reti, 392 preheating optimisation systems were installed, while Toscana Energia completed the efficiency campaign on its plants.

79. This refers to total energy consumption, from which any self-produced and self-consumed electricity consumption is subtracted. Geoside's consumption related to heat management and energy service contracts is not counted. These contracts provide for the registration of gas and district heating supplies to Geoside in order to provide the heating service to the managed buildings. For 2022, consumption is as follows: 9,561.160 MWh (equivalent to 34.4 TJ) for "district heating energy/heat management services", 2,984.971 sm³ of methane (equivalent to 117.6 TJ) for "energy/heat management services".

80. The 2022 consumption values have been calculated using the ISPRA 2022 conversion factors - Table of national standard parameters: standard parameters - fuels/materials.

81. In 2022, we were able to subdivide the mileage for private and business use of cars so that only the consumption and emissions for business use would be taken into account. The reduction in private use mileage means a reduction of about 3 million km on an annual basis, which corresponds to a decrease in fuel consumption of 8.5 TJ (from 120.0 to 111.5) and emissions of 1.4 10³ tonnes CO₂ (from 5.9 to 4.5).

These interventions, alongside operational and maintenance initiatives, contributed to:

- an overall saving of approximately 1,370 10³ Sm³ compared to 2021⁸², 1,085 for Italgas Reti and 285 for Toscana Energia (corresponding to a total of 2,728 tCO₂ of emissions avoided);
- a reduction in the specific consumption⁸³ of the plants of Italgas Reti and Toscana Energia, which decreased from 1.18 in 2021 to 1.01 in 2022, a change of -14.4%.

In December, Toscana Energia completed the installation of the equi-distributors, which will already guarantee further savings during the 2022-2023 heating season. Also considering the work carried out in past years, Italgas Reti's Reduction and Measurement Collection Plants (IPRMs) equipped with pre-heating systems that use consumption optimisation technology will total 620 at the end of 2022; by 2023, moreover, the plan to install such systems at all IPRMs is expected to be completed.

For Italgas Reti, an innovative preheating management system entirely developed by the Company, called IPS (Integrated Pre-Heated System), has been installed at an IPRM site located in Abbadia (NO); this will see greater use in 2023 to further reduce natural gas consumption for preheating. This solution is mounted inside a container, and provides for a phase change thermal storage with two distinct thermal sources, operating in parallel: a micro-cogenerator and an air-water heat pump unit powered mainly by self-generated electricity (solar thermal and/or photovoltaic).

LPG consumption can be traced to Medea: in 2022, thanks to the conversion of the smaller and less efficient LPG plants to latest-generation LNG, this consumption reduced by approximately 21%; in addition to the positive results obtained to date, for 2023, various other optimisation activities and action to increase energy efficiency have been planned, to further reduce the Company's energy impact.

Fuel energy consumption for civil use

The Italgas Group also pursues sustainability goals through constant renovation of its real estate assets, management and continuous monitoring of consumption and by introducing digital technologies.

In 2022, numerous actions were implemented to reduce methane gas consumption (-30.6% on 2021), including, for example: optimal management of heating and/or air conditioning plants and the related set-points, delayed switch-on of such according to external climate conditions, greater segmentation of plants in the main sites so as to allow for their switch-off when no staff are in the premises and prolonged closure of the sites during the Christmas holidays.

The virtuous reduction of civil consumption, now an integral part of real estate management, will continue during 2023 along the following lines:

- the process to renew building stock;
- installation of photovoltaic systems to increase the amount of electricity self-produced and consumed on site;
- extension to all the Group's operating sites of the ability to monitor consumption in real time and analyse it using the proprietary platform developed by Geoside, thanks to introduction of smart sensors.

Fuel energy consumption for vehicles

The entire vehicle fleet was renewed on the basis of the following strategic drivers:

- the improvement of sustainability criteria in the short, medium and long-term, both in respect of reducing polluting emissions (CO₂, NO_x and PM) and in terms of limiting expenditure for fleet operation;
- the increased availability of operative vehicles, by reducing maintenance and repair time;
- the rationalisation of the number of vehicles in the fleet.

During 2022, lines of action were pursued mainly to reduce emissions and make the vehicle fleet more efficient. In particular, the actions included:


- training of more than 300 employees in safe, sustainable driving courses;


82. The calculation considers the comparison with consumption that would have been obtained in the absence of optimisation (with reference to the formula used for the reporting of the savings to ENEA pursuant to Article 7, subsection 8 of Legislative Decree 102/2014).

83. Specific consumption, i.e. consumption of natural gas for preheating per 1,000 Sm³ of gas injected into the network, expressed in Sm³ preheating/10³ Sm³ gas injected into the network.

- the introduction of digital solutions for carrying out operational activities such as the applications released by the Digital Factory, which allow employees to optimise travel necessary in the territory.

The 2022 distances travelled by all car types decreased, with a total of almost 8.7 million fewer kilometres driven than in 2021 (-20.4%). In terms of energy consumption, there is also a reduction of 18.7% TJ in 2022 compared to 2021.

 Italy				
Total kilometers travelled	u.m.	2020	2021	2022
Diesel	M of km	4.5	4.9	1.7
Petrol	M of km	7.1	6.1	10.1
Methane	M of km	26.2	31.8	22.2
total	M of km	37.8	42.8	34.0

 Greece			
Total kilometers travelled		u.m.	Sep-Dec 2022
Diesel		M of km	0.6
Petrol		M of km	0.3
Methane		M of km	0.6
total		M of km	1.6

Net electricity consumption for industrial use

Net electricity consumption for industrial use dropped by 8.7% compared to the previous financial year, despite the fact that various new users (PODs) were activated in 2022 connected with the installation of the Final Digitised Reduction Groups (GRFDs), which generated additional consumption of 120 MWh for Italgas Reti and 20 MWh for Toscana Energia.

Experimental installation continued of:

- direct-drive meters inserted into the electrical panels, at IPRMs, which allow for the monitoring of the general consumption and secondary utilities (cathode or light protection), enabling more detailed analysis, also with a view to certification in accordance with ISO 50001: 2018;
- innovative systems enabling energy to be recovered by means of microturbines at GRFDs. These systems harness the energy otherwise dissipated by the gas pressure reduction process, turning it into electricity available for use on site (energy harvesting systems).

In Toscana Energia, a saving in electricity consumption of 6.5% in 2022 was observed. The reasons for this trend are mainly to be found in the optimised operation of electro-circulators on upgraded preheating systems.

In 2023, Italgas Reti plans to replace traditional circulators with inverter-driven electro-circulators inside thermal power plants for preheating, revamp existing photovoltaic plants with more efficient modules, as well as new installations of photovoltaic plants on both IPRMs and GRFDs, to ensure the self-production of the electricity needed to satisfy the needs of the new digitised plants.

Medea saw an increase in electricity consumption of 31.9% in 2022. This increase, in line with the company's expansion and development, is essentially due to the start-up of the new LNG plants: between 2021 and 2022, the number of LNG plants tripled to an impressive 68 units. These new systems meet the highest safety and quality requirements with low power consumption.

Italgas Acqua's electricity consumption, which represents the company's entire industrial consumption, also decreased by 17.6% compared to the previous year. Continuing on from the work carried out in the last months of 2021, further pressure regulation actions were implemented in 2022 to optimise the operation of the pumping plants. The installation of pumps with brushless motors, which are state-of-the-art in terms of energy efficiency, was also tested and gradually implemented. The installation started with the most energy-intensive pumping systems, and in particular those that required the replacement of the pump and motor that had reached the end of their useful life, which resulted in a significant improvement in electricity consumption.

Net electricity consumption for civil use

In 2022, in-depth analyses were performed of electricity consumption, starting from the main properties used by the Group. This activity made it possible to identify actions to reduce this consumption, for example through a structured, national programme to replace lighting fixtures with LED technology, the optimal configuration, modulated over the course of the year, of the operating logics of lighting outside buildings, the reduction of so-called "baseload" consumption of building operations (e.g. mechanical ventilation, internal lighting, consumption of network equipment and air conditioning of rooms used to house them) and even greater system regulation accuracy during the summer season. All the above, together with adoption of smart working (working from home) for the entire period and the closure of some offices during the Christmas holidays, resulted in a 9.7% decrease in electricity consumed for civil use compared to 2021.

On the basis of the interventions implemented to reduce fuel and electricity, in 2022, over all the Group's buildings, a reduction was recorded of 20.5% in energy consumed per square metre for the operation of the company sites, compared with 2021: 0.66 GJ/m² in 2022 compared to 0.83 GJ/m² in 2021.

Photovoltaic

Through its subsidiary, Geoside, the Group manages 18 photovoltaic plants, which it took over possession following the acquisition of a subsidiary of Toscana Energia (Toscana Energia Green, now merged into Geoside); below is their electricity production transferred to the GSE (Energy Services Manager) insofar as not self-consumed by the Group, and the related emissions avoided by third parties using it.

Italy						
Photovoltaic	2020		2021		2022	
	kWh	TJ	kWh	TJ	kWh	TJ
Dedicated collection by GSE	8,876,626	31.96	9,284,818	33.43	8,640,476	31.11
Emissions avoided for self-produced energy, transferred to the GSE and used by third parties (tCO ₂ eq)		2,337.8		2,419.0		2,270.2

Lastly, please refer to the table "Consumption and emissions avoided for the Group" for the values of Group self-consumed electricity and the related emissions avoided.

Greenhouse gas emissions


Fully in line with what was done in relation to consumption, for years Italgas has also monitored its greenhouse gas emissions, with the objective of reducing its carbon footprint according to a continuous improvement process in line with the objectives identified in its 2022-2028 Strategic Plan.

Italgas has recorded the following emissions:

- Direct emissions (Scope 1): deriving from the civil consumption of gas, from industrial consumption of gas for preheating, from fuel consumptions for vehicles and grid losses ("fugitive emissions");
- Indirect emissions (Scope 2): deriving from the consumption of electricity and heating purchased;

- Other Indirect Emissions (Scope 3): arising from travel (business travel), outsourced activities (supply chain) and emissions related to purchased energy production.

The Italgas Group's main greenhouse gas emission contribution is from fugitive emissions of natural gas from distribution networks, distributed gas preheating processes in the decompression systems and the use of cars in the corporate fleet.

 Italy					
Scope 1 and Scope 2 ⁸⁴	u.m.	2020	2021	2022 ⁸⁵	Change % 2021-2022
Fugitive gas emissions ⁸⁶	(10 ³ tCO ₂ eq)	146.6	133.4	120.0	-10.0%
Emissions from gas consumption for industrial use	(10 ³ tCO ₂ eq)	18.2	18.1	13.8	-23.8%
Emissions from gas consumption for civil use	(10 ³ tCO ₂ eq)	2.6	2.6	1.8	-30.8%
Emissions from fuel consumption for vehicles	(10 ³ tCO ₂ eq)	5.7	6.4	5.4 ⁸⁷	-15.6%
Emissions from thermal energy for civil use	(10 ³ tCO ₂ eq)	0.0	0.0	0.0	0%
Emissions from electricity consumption for industrial use	(10 ³ tCO ₂ eq)	0.2	0.0	0.0	0%
Emissions from electricity consumption for civil use	(10 ³ tCO ₂ eq)		0.2	0.2	0%
Total	(10 ³ tCO ₂ eq)	173.3	160.7	141.2	-12.1%

2022 saw a drop in total Scope 1 and Scope 2 emissions of 12.1% compared to the previous financial year. The main components that contributed to this decrease are fugitive emissions and emissions from gas consumption for industrial use, which in total make up about 95% of the total Scope 1 and Scope 2 emissions.


Gas emissions for civil and industrial use are in line with the consumption trend described in the "Consumption" section, while emissions from transport fuel consumption decreased by 15.6%, in line with the aforementioned trend. The initiatives implemented resulted in an overall reduction of more than 42% in NO_x emissions on 2021 (0.085 gNO_x/km). Another significant parameter is the value of Particulates (0.0005 gPart/km). The savings obtained, if the same number of kilometres had been travelled using a non-bifuel and older fleet of operations vehicles, is quantified as ranging between 50 and 55% of nitrogen oxides and 1500% of particulate; CO₂ savings amounted to 1.5 thousand tonnes. These indicators provide further representation of the capacity to reduce emissions levels, brought about by the fleet transformation project.

84. Scope 2 market-based.

85. The 2022 emission values were calculated using the ISPRA 2022 Emission Factors – Table of national standard parameters: standard parameters – fuels/materials

86. Thanks to the collaboration with the Polytechnic University of Turin to estimate the fugitive emissions that cannot be quantified with the CRDS system, the values for 2022 also include the estimate of emissions from permeation, operational, due to maintenance on reduction units and for meter replacements (about 0.97% of total fugitive emissions).

87. In 2022, we were able to subdivide the mileage for private and business use of cars so that only the consumption and emissions for business use would be taken into account. The reduction in private use mileage means a reduction of about 3 million km on an annual basis, which corresponds to a decrease in fuel consumption of 8.5 TJ (from 120.0 to 111.5) and emissions of 1.4 10³ tonnes CO₂ (from 5.9 to 4.5).

 Greece		
Scope 1 and Scope 2 ⁸⁸	u.m.	Sep-Dec 2022
Fugitive gas emissions ⁸⁹	(10 ³ tCO ₂ eq)	6.29
Emissions from gas consumption for industrial use	(10 ³ tCO ₂ eq)	0.07
Emissions from gas consumption for civil use	(10 ³ tCO ₂ eq)	0.03
Emissions from fuel consumption for vehicles	(10 ³ tCO ₂ eq)	0.20
Emissions from electricity consumption for industrial use	(10 ³ tCO ₂ eq)	0.05
Emissions from electricity consumption for civil use	(10 ³ tCO ₂ eq)	0.26
Total	(10 ³ tCO ₂ eq)	6.90

Fugitive emissions

The Italgas Group's fugitive emissions for 2022 decreased considerably, equal to -10.1% compared to 2021. The result achieved becomes even more significant since, for the first time, some portions of Italgas Reti's network were inspected for planned gas leakage searches more than once during the year.

A more specific analysis of the characteristic KPIs of the process shows substantial parity on the indicator of the fugitive emissions to transported gas ratio and a clear decrease (-15.2%) for the indicator of the ratio of emissions to km of the network.

The prompt inspection, localisation and repair of leaks also produced an important result in terms of savings of fugitive emissions into the atmosphere. In 2022, thanks to the operational effort in the prompt elimination of leaks, emissions avoided made up around 33% of total emissions⁹⁰.

A number of important partnerships and initiatives were confirmed in the year 2022, with a view to continuous improvement and development of fugitive emission research and evaluation:

1. The use of an innovative approach, developed in collaboration with Picarro, in the assessment of measurement uncertainty, which uses Bayes' theorem and statistical analysis of data samples.
2. The continued collaboration with the Polytechnic University of Turin to estimate fugitive emissions that cannot be quantified using the CRDS system, which are typically operational emissions or emissions related to the permeability of certain materials.
3. The development of the Smart Maintenance GIS4WARD platform.

The work carried out by the Italgas Group, thanks to its partnership with the Polytechnic University of Turin, made it possible to confirm the prestigious 'Gold Standard' in the OGMP 2.0 voluntary partnership in 2022. This important recognition rewards not only the absolute reduction of fugitive emissions into the atmosphere, but also the effort and commitment of the Italgas Group in promoting best practices within the industry.

88. Scope 2 market-based.

89. Note that the km of network used for this KPIs are related to the ARERA consistency declared in the previous year (i.e. for 2022 as at 31/12/2021). In addition, for 2022 the network kilometres investigated in a second phase were also accounted for. For the other gas network consistency of Medea, an average consistency for the previous year was considered, given the variability due to multiple conversions of the networks to natural gas during the year.

90. Total emissions that would be obtained considering the maximum emission time, i.e. one year.

Italy				
	u.m.	2020	2021	2022
Total natural gas fugitive emissions	10 ⁶ Sm ³	8.5	7.7	6.9
Total fugitive emissions in CO ₂ eq	10 ³ tCO ₂ eq	146.6	133.4	120.0
Gas distributed	10 ⁶ Sm ³	8,477.0	8,886.7	7,961.3
Gas Leakage Rate (natural gas fugitive emissions / gas distributed)	Sm ³ / Sm ³	0.100%	0.087%	0.087%
Network inspected ⁹¹	km	71,184.5	7,145.2	76,491.0
Fugitive emissions of natural gas / network inspected	Sm ³ / km	118.9	106.7	90.5

Scope 2 emissions

Italy				
	u.m.	2020	2021	2022
Location-based Scope 2 emissions	10 ³ tCO ₂ eq	7.3	6.4	6.2
Market-based ⁹² Scope 2 emissions	10 ³ tCO ₂ eq	0.2	0.2	0.2

Market-based indirect Scope 2 emissions are substantially in line with 2021, as a result of purchasing electricity produced from certified renewable sources, as certified by the Guarantees of Origin (GO) management system.

Scope 3 emissions

Italy				
	u.m.	2020	2021	2022
Capital goods	10 ³ tCO ₂ eq	106.0	94.5	88.2
Purchased goods and services	10 ³ tCO ₂ eq	63.3	47.3	43.2
Upstream transportation and distribution	10 ³ tCO ₂ eq	6.2	3.6	4.0
Waste generated in operations	10 ³ tCO ₂ eq	7.0	1.4	1.5
Upstream leased assets	10 ³ tCO ₂ eq	0.8	0.4	0.5
Total Scope 3 – Supply chain	10³tCO₂eq	183.3	147.2	137.5
Fuel-and-energy-related activities (not included in Scope 1 or 2)	10 ³ tCO ₂ eq	4.0	4.1	3.3
Business travel	10 ³ tCO ₂ eq	0.6	0.8	1.2
Total Scope 3	10³tCO₂eq	187.9	152.1	142.0

In 2022, the Group adopted a new calculation model for Scope 3 emissions related to the supply chain. It was possible to move from a spend-based approach to a more specific approach using emission factors requested directly from suppliers (more details in the Section "Supply-chain emission analysis"). The 2020 and 2021 Scope 3 GHG emissions - Supply-chain emissions were recalculated using the new methodology.

Scope 3 - Supply-chain emissions in 2022 are 137.5 10³ tonnes CO₂, down by 6.6% compared to the previous year.


91. Note that the km of network used for this KPIs are related to the ARERA consistency declared in the previous year (i.e. for 2022 as at 31/12/2021). In addition, for 2022 the network kilometres investigated in a second phase were also accounted for. For the other gas network consistency of Medea, an average consistency for the previous year was considered, given the variability due to multiple conversions of the networks to natural gas during the year.

92. The calculation of market-based Scope 2 emissions requires that the emission quota related to renewable sources be null and that the residual mix type emission factor be used for the quota not covered by such contracts. (Source used - https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf).

The plan for achieving the supply-chain emission reduction targets includes:

- involvement of the supply-chain - awareness and training to achieve more supplier engagement;
- inclusion of reward criteria in supplier tenders, according to the level of adoption of best practices in relation to GHG emission reduction;

Consumption and emissions avoided for the group

 Italy						
GRI 302-4 Reduction of energy consumption	2020		2021		2022	
	TJ	tCO ₂ eq	TJ	tCO ₂ eq	TJ	tCO ₂ eq
Network conversion from LPG to natural gas	23.1	217.0	69.4	669.5	97.3	938.2
Renovation of the site at Largo Regio Parco 11 and 9 in Turin	6.47	382.0	12.0	771.9	19.9	1,268.9
Management interventions and optimisation of the use of civil buildings	-	-	-	-	11.9	698.0
Management interventions and optimisation of the use of preheating plants	-	-	-	-	30.4	1,712.2
Installation of smart meters	2.6	192.0	5.2	379.8	5.2	382.1
Replacement of lighting with LED bulbs	-	-	0.5	36.9	0.5	36.9
Photovoltaic - Self-consumption	0.5	33.4	0.5	33.4	0.5	33.4
Total emissions avoided	32.7	824.4	87.6	1,891.5	165.7	5,069.7

Third-party emissions avoided by ESCo Geoside activities

Geoside is the ESCO of the Italgas Group. Among other activities, it proposes and performs energy efficiency interventions for its public and private customers in a residential and industrial context.

Specifically, the EPCs – Energy Performance Contracts – in place require that the savings generated following interventions be guaranteed and suitably measured.

In the public sector, the main tool used is funding via third parties envisaged by Italy's Legislative Decree 115/2008, often combined with the project financing, governed by the Tenders Code (Italy's Legislative Decree 50/2016). The proposals are characterised by the assumption of risk, against the standards offered, at the full expense of the proposing party and the contracts provide for an economic rebalancing mechanism to the benefit of the Administration, if the minimum objectives are not successfully guaranteed.

The remuneration mainly derives from the saving levels achieved, which must be able to generate the necessary cash flows to repay the investments.

The EPCs predominantly concern interventions

- on the air conditioning systems, generally powered by methane gas;
- on the public lighting systems, powered by electricity;
- to construct photovoltaic plants, which reduce withdrawals of electricity from the network.

93. Values for consumption and emission reductions are based on the year 2019 as a baseline.

In 2022, these interventions made it possible to achieve the following results, calculated using historical consumption figures:

Italy							
Energy carrier	u.m.	2021 Saving	2021 Saving (GJ)	2021 Saving (tCO ₂ eq)	2022 Saving	2022 Saving (GJ)	2022 Saving (tCO ₂ eq)
Electricity	MWh	8,746.0	31,485.6	2,148.9	9,326.0	33.6	2.3
Methane gas	Sm ³	200,471.4	6,928.3	397.5	200,348	7.1	0.4

Italy					
FV Plants	u.m.	2021	2021 Saving (tCO ₂ eq)	2022	2022 Saving (tCO ₂ eq)
EPC plant production	MWh	2,311.8	602.3	2,309	601.6

Waste production and disposal⁹⁴

As required by the environmental management system, the company carries out an assessment of environmental aspects and impacts, in which processes and activities that generate or could generate waste are analysed; the analysis is performed both on waste generated directly by the Group as well as that which is generated by its contractors.

Both processes and activities are periodically analysed in order to prevent waste generation; furthermore, in order to put waste into more effective recovery and reuse circuits at the expense of waste disposal, transporters and destination plants are selected that manage the waste produced by the organisation at the end of its life in a more sustainable manner.

As of 2021, the Atlantide IT application has fully replaced the use of the traditional paper Loading and Unloading Register, making it possible to speed up and facilitate its completion and to standardise data collection for the Integrated Financial Statements. Data collection, monitoring and analysis are carried out on a monthly basis.

With the same frequency, data concerning waste produced by contractors on behalf of Italgas are collected, monitored and analysed; in addition, contractual clauses concerning waste management are updated in order to achieve recovery and reuse targets.

In 2022, waste from the Group's production activities amounted to 162.4 tonnes; the total value of waste sent for recovery or disposal for the same year amounted to 247.7 tonnes (value including inventories from 2021), 97.9% of which was non-hazardous. This type of waste is mainly made up of mechanical meters, which have been subject to a huge replacement campaign. 97.6% of the waste produced by the Group was managed for recovery.

In 2022, waste produced by contractors' activity on behalf of Italgas totalled 648,576.5 tonnes; through the growing engagement, 94.5% of waste produced by contractors was assigned for recovery. To further raise awareness, a web application was developed for the timely monitoring of the waste produced and to monitor the way in which it is managed, which has been in use since January 2023.

The same types of monitoring were extended to the Greek companies in order to ensure continuity of commitment; waste generated and reported by contractors to the companies was, for the last four months of 2022, 192,452 tonnes, managed 100% for recovery.

94. The waste management strategy is part of the Group's broader sustainability strategy, through specific KPIs of the Sustainable Value Creation Plan including a commitment to increase the percentage of the Group's and contractors' waste going to recovery.

Activities carried out on the reclamation sites in 2022

Italgas carries out environmental reclamation and redevelopment activities that include not only the remediation of environmental matrices related to the site, but also the removal of waste from past industrial activities and the possible demolition of plant structures and buildings.

Except in special cases, the sites to be reclaimed are former gas works, where industrial activities such as gas distillation from fossil carbon, cracking or reforming of light oil derivatives to produce the city's gas were carried out in the past.

During 2022, Italgas Reti continued to carry out design, safety, characterisation, monitoring, reclamation and environmental restoration activities on a total of 29 sites (forming part of those already identified in 2021), based on national environmental regulations for the reclamation of polluted sites, represented by Legislative Decree no. 152/06 "Environmental Standards", which superseded the previous legislative reference consisting of Ministerial Decree no. 471/99.

The sites in which an environmental procedure is operative in accordance with Italy's Legislative Decree no. 152/06 Part Four Title V "Reclamation of contaminated sites" are distributed throughout national territory and are geographically located as follows:

- 5 in Piedmont
- 8 in Liguria
- 8 in Veneto
- 1 in Tuscany
- 3 in Lazio
- 2 in Campania
- 1 in Molise
- 1 in Calabria

From an administrative point of view, only the "via Brin" site of Naples comes under the competence of the Ministry of the Environment and Energy Security (MASE), as it falls within the scope of the Site of National Interest (SNI) of Eastern Naples, whilst the remaining sites come under the competence of Regional or Municipal authorities.

According to the "state of business", the 29 sites can be grouped together into four clusters:

- 5 have active construction sites and operating groundwater pumping sites - *Venezia Mestre v. Altobello*, *Venezia Isola di Murano*, *Cairo Montenotte Parco 3*, *Lucca*, *Napoli v. Brin*;

- 7 have active safety or groundwater reclamation systems - *Turin C.so Regina Margherita University Area*, *Civitavecchia*, *Venice San Francesco IGR Area*, *Castellammare di Stabia*, *Ventimiglia*, *Venice Santa Marta*⁹⁵, *Campobasso*⁹⁶;
- 7 have completed operational sites and/or active monitoring - *Bassano del Grappa*, *Legnago*, *Sanremo*⁹⁷, *Turin v. Trofarello*, *Venice San Francesco Area ex Veritas*, *Cuneo*⁹⁸, *Turin Basse di Stura*;
- 10 are undergoing planning activities or are close to starting operations - *Cairo Montenotte Parchi 1 and 2*, *Cairo Montenotte Terreni C.so Stalingrado*, *Catanzaro*, *Chiavari Loc. Caperana*, *Ciampino*, *Este*, *Rapallo*, *Rome*, *Savona*, *Turin C.so Unione Sovietica*.

There are no reclamation activities taking place in Greece.

Industrial water

In 2018, with the update in 2020, Italgas carried out an environmental analysis which showed that the use of water resources is not a significant environmental aspect because it is mostly related to use for hygiene-sanitary or fire-fighting purposes. The Italgas production process does not involve the use of water for industrial purposes, with the exception of the quantities used to top up the gas preheating systems, inserted inside the cabins used to reduce the pressure of gas collected from the high pressure gas pipe system, without the presence of industrial drains. With specific reference to the management of the Medea distribution networks, the water used is heated to vaporise the LPG into a liquid phase when leaving the tanks. This water, which is also released into the fire-fighting system, is collected from the aqueduct or groundwater via wells. At the Sassari plant, the washing water is released to the ground, after treatment, in compliance with the authorisation.

For 2022, lastly, as part of the reclamation work, 191,277 cubic metres of water were taken from the contaminated groundwater; this was treated to take the concentrations of pollutants back to the limits permitted for discharge in public drains, in compliance with current legislation and authorisations.

Water for civil uses

The Group companies' environmental analyses, prepared in accordance with standard UNI EN ISO 14001, showed that use of water resources is not a significant environmental aspect. However, the safeguarding of resources and their rational use is envisaged by the HSEQ Policy and this is why the Group is committed to reducing limited water consumption. The withdrawal of fresh water from the aqueduct, used for hygiene/sanitary purposes in the changing rooms and offices and for the

95. As at 24/08/2022, active soil reclamation work was temporarily suspended following the overturning of a heavy vehicle used to transport soil for backfilling, while passing over the weighbridge at the site.

96. Non-automated Safety Interventions.

97. On 01/06/2022, the Provincial Administration of Imperia certified the reclamation of the former gasworks area located in via Goethe no. 171 - Sanremo (IM).


98. On 11/11/2022, the Province of Cuneo certified the completion of the Permanent Safety Measures.

fire-fighting system, came to 67,390 cubic metres (-11.4%): the reduction is mainly attributable to the closure of the changing rooms (and showers) at the operations offices and the greater use of smart working. As regard civil drains, most waste water is conveyed, considering its nature, to the drains without any treatment.

This differs for Italgas Acqua, the Group company that manages the distribution of water under concession in five municipalities of Campania. For this company, managing water consumption means collecting the water, making it suitable for drinking and distributing it to the city, guaranteeing quality standards and continuity and regularity of service.

Main Key Performance Indicators

Standard GRI 302-1 Energy consumption within the organisation

 Italy				
Energy consumed within the organization	u.m.	2020	2021	2022
FUEL ENERGY CONSUMPTION				
Fuel energy consumption from non-renewable sources				
Fuel energy consumption for civil and industrial use	TJ	368.0	366.0	275.0
of which natural gas for civil use	TJ	45.3	46.4	32.2
of which natural gas for industrial use	TJ	310.1	306.4	232.5
LPG and propane air for civil and industrial use	TJ	12.6	13.2	10.3
Fuel energy consumption for vehicles⁹⁹	TJ	123.0	137.2	111.5
of which diesel	TJ	11.0	12.1	4.3
of which petrol	TJ	18.1	16.2	32.1
of which natural gas	TJ	93.9 ¹⁰⁰	108.9	75.1
Fuel energy consumption from renewable sources				
Fuel energy consumption from renewable sources	TJ	0	0	0
Total fuel energy consumption				
Total fuel energy consumption	TJ	491.0	503.2	386.5
CONSUMPTION OF PURCHASED ENERGY				
Consumption of purchased energy from non-renewable sources				
Electricity	TJ	1.5	1.9	1.6
Heating energy	TJ	0.3	0.3	0.3
Consumption of purchased energy from renewable sources				
Consumption of purchased energy from renewable sources	TJ	99.3	91.8	83.6
Total consumption of purchased energy				
Total consumption of purchased energy	TJ	101.1	94.0	85.5
TOTAL ENERGY CONSUMED WITHIN THE ORGANISATION				
Total energy consumed within the organization	TJ	592.1	597.2	472.0

99. For more details on the trend of consumption linked to vehicles, refer to the specific graphs and the information given in the section "Emissions and action taken to reduce them" of this document.

100. The trend of energy consumption is consistent with the change

in the fuel mix used by the vehicle fleet. For more details on the trend of consumption linked to vehicles, refer to the specific graphs and the information given in the section "Emissions and action taken to reduce them" of this document.

Standard GRI 302-3 Energy intensity (Italy)

Below are some energy intensity values in respect of different reference parameters:

1. Energy intensity calculated by comparing the total Group energy consumption with the gas distributed.

Energy intensity	u.m.	2020	2021	2022
Global energy intensity	TJ/10 ⁶ Sm ³	0.07	0.06	0.06
Total energy consumed within the organization	TJ	592.1	597.2	472.0
Gas distributed	10 ⁶ Sm ³	8,477	8,887	7,961

2. Energy intensity calculated by comparing the Group's total energy consumption for gas distribution (excluding the activities of Italgas Acqua and Geoside), with the gas distributed. This parameter offers an indication of the quantity of energy used to supply 10⁶Sm³ of gas.

Energy intensity	u.m.	2020	2021	2022
Global energy intensity	TJ/10 ⁶ Sm ³	0.052	0.049	0.042
Total energy consumed within the organisation for gas distribution	TJ	441.2	433.3	338.0
Gas distributed	10 ⁶ Sm ³	8,477	8,887	7,961


3. Energy intensity calculated by comparing the Group's total energy consumption for gas distribution (excluding Italgas Acqua and Geoside activities), with the kilometres of network. This parameter offers an indication of the quantity of energy used to supply the service per km of network.

Energy intensity	u.m.	2020	2021	2022
Energy intensity per km of network	GJ/km	6.20	5.98	4.73
Total energy consumed within the organisation for gas distribution	GJ	441,200	433,300	338,000
km of network	km	71,185	72,503	71,481


4. Energy intensity calculated by comparing the Group's total energy consumption for gas distribution (excluding Italgas Acqua and Geoside activities) with the number of active re-delivery points. This parameter offers an indication of the quantity of energy used to supply the service per delivery point.

Energy intensity	u.m.	2020	2021	2022
Energy intensity per delivery point	GJ/unità	0.058	0.057	0.047
Total energy consumed within the organisation for gas distribution	GJ	441,200	433,300	338,000
Active delivery points	unità	7,595 · 10 ⁶	7,604 · 10 ⁶	7,213 · 10 ⁶


 Italy				
Water withdrawals	u.m.	2020	2021	2022
Quarry water, collected from quarries	ML	0	0	0
Sea water	ML	0	0	0
Rainwater collected	ML	0	0	0
Water withdrawn from the aqueduct (municipal drinking water)	ML	98.04	75.77	67.13
Surface water	ML	0	0	0
Underground water	ML	0.15	0.26	0.26
External waste water	ML	0	0	0
Total water withdrawn	ML	99.51	76.03	67.39

 Greece		
Water withdrawals	u.m.	2022
Quarry water, collected from quarries	ML	0
Sea water	ML	0
Rainwater collected	ML	0
Water withdrawn from the aqueduct (municipal drinking water)	ML	1.68
Surface water	ML	0
Underground water	ML	0
External waste water	ML	0
Total water withdrawn	ML	1.68

Standard GRI 303-4 Water discharge

 Italy				
Water discharge	u.m.	2020	2021	2022
Discharged in underground water ¹⁰¹	ML	1.40	0	0
Discharge to sewers	ML	98.01	74.19	66.53
Discharged in seawater	ML	0	0	0
Discharged in surface water	ML	0	1.56	0.48
Benefit/other use	ML	0	0.28	0
Sent to other treatment plants	ML	0.11	0	0.38
Total discharges	ML	99.51	76.03	67.39

101. Please note that water is drained in the soil after treatment.

 Greece		
Water discharge	u.m.	2022
Discharged in underground water ¹⁰²	MI	0
Discharge to sewers	MI	1.65
Discharged in seawater	MI	0
Discharged in surface water	MI	0
Benefit/other use	MI	0
Sent to other treatment plants	MI	0.03
Total discharges	MI	1.68


For the Italgas Group, the water drains correspond to the collections; consequently, water consumption is zero (GRI 303-5 Water consumption).

Standard GRI 305-1 Direct (Scope 1) GHG emissions


Standard GRI 305-2 Indirect (Scope 2) GHG emissions from energy consumption

GRI 305-3 Other indirect (Scope 3) GHG emissions

Standard GRI 305-4 Intensity of GHG emissions

 Italy					
Direct and indirect emissions and other GHG emissions (Italy)	GRI Standard	u.m.	2020	2021	2022
Total Scope 1	305-1	10 ³ t CO ₂ eq	173.1	160.5	141.0
Total Scope 2 ¹⁰³	305-2	10 ³ t CO ₂ eq	0.2	0.2	0.2
Total Scope 1 and Scope 2		10 ³ t CO ₂ eq	173.3	160.7	141.2
Total Scope 3 – supply chain	305-3	10 ³ t CO ₂ eq	183.3	147.2	137.5
Total Scope 1, Scope 2 and Scope 3		10 ³ t CO ₂ eq	356.6	307.9	278.7
Carbon intensity ¹⁰⁴	305-4	tCO ₂ eq/10 ⁶ Sm ³	20.4	18.1	17.7

GRI 305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions (Italy)

 Italy				
Emissions	u.m.	2020	2021	2022
Civil	tNO _x	1.26	1.29	0.9
Industrial	tNO _x	17.28	16.41	12.46
Vehicles	tNO _x	3.11	3.36	1.98
Total	tNO _x	21.7	21.1	15.9

102. Please note that water is drained in the soil after treatment.

103. 2019: Scope 2 location-based, 2020 and 2021: Scope 2 market-based.

104. Calculated as Scope 1 and Scope 2 emissions / gas distributed.

Standard GRI 306-4 Waste not for disposal

Italy							
Waste by type and disposal method	u.m.	2020		2021		2022	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Recovery/Recycling	t	31.5	527.9	12.04	329.18	7.20	234.22
of which ferrous material	t	1.00	424.5	0.00	287.5	0.00	141.30
of which other material	t	30.5	103.4	12.04	41.69	7.20	92.92

Standard GRI 306-5 Waste for disposal

Italy							
Waste by type and disposal method	u.m.	2020		2021		2022	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Incineration	t	0	0.1	0	0.39	0.02	1.35
of which ferrous material	t	0	0	0	0	0	0
of which other material	t	0	0.1	0	0.39	0.02	1.35
Waste sent directly to landfill	t	0	0	0	0	0	0
of which ferrous material	t	0	0	0	0	0	0
of which other material	t	0	0	0	0	0	0
Other disposal plant	t	3.3	67	1.56	9.68	1.16	3.43
of which ferrous material	t	0.8	0	0	0	0	0
of which other material	t	2.45	67	1.56	9.68	1.16	3.43
Total	t	3.25	67.07	1.56	10.08	1.18	4.78

Standard GRI 306-3 Waste generated

Italy				
Waste by type	u.m.	2020	2021	2022
Non-hazardous	t	526.7	318.4	159.0
Hazardous	t	45	16.07	3.4

Italy						
Main data on reclamation	2020		2021		2022	
	n	m ²	n	m ²	n	m ²
Sites involved by reclamation works or to be reclaimed	32	1,265,551	30	1,206,677	29	1,161,962
Certified reclamation works	0	0	0	0	2	10,659
Approved characterisation plans	28	1,208,348	26	1,143,810	26	1,143,810
Approved risk analysis (152/2006) or approved preliminary reclamation projects (pursuant to 471/99)	23	1,109,240	21	1,049,533	22	1,051,820
Approved operative reclamation projects (152/2006) or approved final reclamation projects (pursuant to 471/99)	19	1,094,760	18	1,036,482	20	1,041,161
Operative safety measures	1	257	1	257	1	257
Soil emergency safety measures	0	0	0	0	0	0
Groundwater safety measures	10	0	11	0	12	0

Biodiversity

Italgas mainly operates in the urban environment (from 'city gates' to meters): about 95% of our network's kilometres are installed in an urban or street context. Italgas also assumes the role of gas distributor: it is not a mining company and does not produce basic materials.

Through its policies, the Group is committed to assessing environmental protection issues and to the responsible management of the significant environmental impacts associated with its activities, pursuing the protection and care of the natural environment, avoiding deforestation, ensuring the restoration and maintaining the balance of the ecosystem and biodiversity, based on the principles of pollution prevention and emission reduction and in line with international standards, pursuing the sustainable management of natural resources and the efficient use of energy required to carry out its business activities. Finally, as the concession holder of the gas distribution service, and in line with the principles of sustainable development, Italgas operates by following the guidelines provided by the Municipalities through work authorisations. In particular, in activities involving excavations, Italgas complies with specific environmental requirements and carries out work to restore the prior ecological situation. At each stage of this process, Italgas employs qualified staff and organises training courses aimed at increasing awareness of environmental issues.

As far as Greek companies are concerned, the Group contributes to the preservation of local biodiversity through restoration and development projects of natural parks that are located within urban areas. In 2022, 8 green spaces were redeveloped in the urban areas of Thessaloniki, Larissa and Karditsa.

6.2 Italgas for the future of people



SDG



GRI

2-7, 401, 402, 403, 404, 405, 406, 416.

People are our most valuable asset, which is why Italgas is actively committed, on a day-to-day basis, to improving the quality of life of its citizens, through the provision of a safe and reliable service, including for its employees and collaborators, through the promotion of rigorous policies for health, safety and wellbeing, protecting human rights, and valuing and supporting diversity, inclusion and equal opportunities.

Italgas works continuously to increase the Country’s energy security and help reduce energy dependence from abroad. We continue to develop digital skills within the Group and to promote and disseminate them within the territories in which we operate.



People is the pillar that holds the others of our Plan - Planet and Partners - together. That's why we invest in technical knowledge transfer and skills acquisition



Listen to the interview







Specific material topics

- Security of networks, assets and people
- Network cybersecurity
- Corporate identity (founding corporate values, historical legacy)
- Service quality and customer satisfaction
- Protection, inclusion, enhancement and welfare of Human Resources
- Respect for human rights
- Network development

Transversal material topics

- Compliance, transparency and anti-corruption
- Responsible governance and risk management
- Economic value generation and ESG finance

Medium-to-long-term impacts of our activities

<ul style="list-style-type: none"> – Contribution to the energy and digital literacy of the Country – Development of a corporate culture that is healthy and inclusive, based on respect for human rights and designed to ensure the wellbeing of the workers – Development of a culture oriented towards the promotion of equal opportunities and women’s empowerment 	 <p style="font-size: 1.2em; font-weight: bold; margin: 0;">Human capital</p>
<ul style="list-style-type: none"> – Energy security of the Country – Contribution to the energy and digital literacy of the Country 	 <p style="font-size: 1.2em; font-weight: bold; margin: 0;">Intellectual capital</p>
<ul style="list-style-type: none"> – Safe and efficient access to energy for all – Decarbonisation of the country in line with EU targets – Contribution to the energy and digital literacy of the Country 	 <p style="font-size: 1.2em; font-weight: bold; margin: 0;">Relationship capital</p>
<ul style="list-style-type: none"> – Safe and efficient access to energy for all – Energy security of the Country 	 <p style="font-size: 1.2em; font-weight: bold; margin: 0;">Financial capital</p>
<ul style="list-style-type: none"> – Safe and efficient access to energy for all – Energy security of the Country 	 <p style="font-size: 1.2em; font-weight: bold; margin: 0;">Manufactured capital</p>
<ul style="list-style-type: none"> – Decarbonisation of the Country in line with EU targets 	 <p style="font-size: 1.2em; font-weight: bold; margin: 0;">Natural capital</p>



We improve the quality of life and ensure the safety of employees, citizens and the national energy system

Actions	Target ¹⁰⁵	2022 Performance
Providing the citizens with high quality, dependable and safe services	<ul style="list-style-type: none"> – 90% compliance within 10-days and 100% compliance within 20-day time limit to complete procedures within Italgas' remit, from request for a quotation to activation of the supply to the end-customer by 2028¹⁰⁶ – More than 100% of the networks undergoing annual inspections under the gas dispersion search programme (target value for each year and 200% by 2028¹⁰⁷ – 98% of interventions with Emergency Response arrival at site within 60 minutes (target value for each year)¹⁰⁸ 	<p>16% e 80% of 10-day compliance and of 20-day compliance</p> <p>104% of networks subjected to annual planned inspection for gas leaks</p> <p>99.4% of interventions carried out on site, with emergency intervention performed within 60 minutes</p>
Promoting the health, safety and well-being of employees and collaborators	<ul style="list-style-type: none"> – Maintain the work-related accident rate¹⁰⁹ of employees and contractor workers below 2 (target value for each year) – >90% of employees benefiting from corporate welfare services by 2028 – >85% net promoter score for employee engagement (degree of satisfaction with working for the Group) by 2028 	<p>1.76 employee and contractor accident frequency index</p> <p>68% employees using corporate welfare services</p> <p>71% net promoter score for employee engagement</p>
Promoting the diversification of national energy supply	<ul style="list-style-type: none"> – 400 biomethane production plants, built by third parties, connected to the distribution network by 2028 – 200 tons of green hydrogen produced and distributed in the Group's P2G pilot plant in Sardinia by 2028, demonstrating the validity of the solution for industrial and residential transport and use 	<p>The first biomethane plant whose connection to the Italgas distribution network was completed in December 2022, guarantees maximum daily production of 10,000 m³ for a maximum annual total of 2.5 million m³.</p> <p>Reference is made to the information given in the section on "The integration of green gases in the networks"</p>

105. The targets refer to the scope of Group companies consolidated on a line-by-line basis as at 2021, thus not including any changes as a result of ATEM tenders, M&A transactions and DEPA Infrastructure.

106. Target applies solely to interventions to be performed by the distributor that do not call for network extensions

107. ARERA Target: the distributor company is required to comply with

the service obligations undertaken in terms of inspection frequency, corresponding to 100% in the 3 mobile years for high and medium pressure networks and 100% in the 4 mobile years for low pressure networks

108. ARERA targets: > 90 %

109. Number of accidents recorded/million hours worked



We develop the skills of the future

Actions	Target	2022 Performance
Promoting the dissemination of digital skills for the energy sector outside the organization	<ul style="list-style-type: none"> – 18,000 persons engaged in external training activities dedicated to energy transition by 2028 	<p>4,600 people</p> <p>involved in external training activities</p>
Developing digital skills and repositioning skills towards higher value-added activities	<ul style="list-style-type: none"> – 48 hours of training per year per employee, with a focus on digital training, by 2028 – Creation of an Academy that can promote upskilling and long-life learning by 2023 	<p>35 hours</p> <p>training per employee per year</p> <p>The Academy is operational and will start delivering courses in 2023</p>



We valorise diversity and support equal opportunities and inclusion

Actions	Target	2022 Performance
Promoting female leadership and ensuring a workplace that offers equal opportunities, also in terms of remuneration	<ul style="list-style-type: none"> – 27% of women in managerial roles by 2028 – Annual implementation of projects and involvement of the employees on diversity and inclusion issues 	<p>24.7%</p> <p>women in positions of responsibility</p> <p>The Diversity and Inclusion project continued in 2022. More details are given in Section 6.2.3, in the paragraph on "Diversity"</p>
Investing in the future of women, also by supporting the dissemination of STEM skills among the female population	<ul style="list-style-type: none"> – Organisation of annual recruiting activities dedicated to women who have undertaken a STEM education pathway 	<p>A recruiting project dedicated to women who have undertaken training in STEM subjects was implemented, raising awareness about digital transformation initiatives and combating gender stereotypes.</p>
Monitoring respect for human rights	<ul style="list-style-type: none"> – Annual due diligence audits on respect for human rights, applied to the Group's operational activities and suppliers 	<p>The annual review of the due diligence process on the protection of human rights was carried out.</p>

6.2.1 Improving the quality of life and ensuring the safety of citizens

For Italgas, quality of service goes well beyond simple business objectives: continuity, security, accessibility, emergency intervention and comprehensive efficiency of the system are a real assumption of responsibility in regard to the territories served and the end customers. In this context, the Group pays special attention to strengthening the relationship with the sales company, aiming to standardise processes and update the tools and procedures that allow access to services. The operating and commercial activities are carried out with increasingly sophisticated computer systems that allow for a rapid flow of information in contract management. These systems are regularly updated also according to the regulations issued by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA)¹¹⁰, which regulates the services provided by the Italgas Group companies.

Network security

The security of the service provided to end customers is the main cornerstone of Italgas' business and mission: starting from the careful choice of routes for its infrastructures, to use of increasingly innovative and suitable materials, to the construction of networks and lastly through specific network operation and maintenance plans, thanks to which the quality and performance expected along the lines of continuous technological and performance improvement can be maintained over time.

In order to improve the quality and security performance of the service, as well as to increase the efficiency of the distribution system, Italgas continues to invest significantly in the digitisation of its network and process infrastructures, with unique technology and artificial intelligence.

Systematic site control

In order to carry out a systematic and real-time control of the various operational phases involved in the implementation of a network or a simple utility connection, Italgas has conceived and developed in its Digital Factory the innovative WorkOnSite application that, supported by artificial intelligence systems, makes it possible to:

- acquire, at each operative phase (e.g. site preparation, excavation, installation of pipes, re-burial, etc.) the pertinent photographic findings, sending them in real time to a site control centre monitored by technicians who have been specifically trained on the control,
- validate or otherwise the consistency and conformity of each photograph, through artificial intelligence systems, with current legislative provisions and the tender specifications (e.g. site safety conditions, depth of installation of pipes, type/quality of re-burial, correct positioning of the signalling tape, etc.);
- establish a permanent repository of quality and conformity of all works realised.

The WorkOnSite application is used by all contractors.

Multi-ducts for optic fibre and Rfid (Radio Frequency Identification) markers

The new natural gas distribution networks have been equipped with multi-ducts and related accessories prepared for the insertion of optic fibre cables for the mass transmission of data recorded by the Digital Reduction Units, by the network and smart meters installed at the re-delivery points to users and by the sensors installed at the terminal points of the network. The multi-ducts are positioned at the same time as the pipes and within the same excavation. The new distribution networks are also equipped with Rfid markers (markers with passive, battery-free antennae containing an electronic chip, which can be identified by means of common radio-frequency locators), which are also placed inside the excavation in order to allow the traceability and localisation of the pipelines directly from the road surface without the need for invasive underground work and consequent interference with the road network.

110. Regulatory Authority for Energy (RAE) in Greece.

Network monitoring

Every year, the Italgas Group carries out extensive monitoring of its infrastructure to ensure the efficiency and safety of its networks.

With regard to the verification of “electrical protection” conditions of the underground steel pipes, the cathodic protection remote monitoring system was again used by Italgas Reti in 2022 at 12,863 significant points on the network. Approximately 29,600 cathodic protection measurements were also carried out, with a qualified operator, on non-remote controlled points.

An additional preventive control on the reliability of the distribution system, an important source of information for the choice of interventions to be carried out, was the search for gas leaks into the atmosphere. In 2022, in compliance with the provisions of the Authority Resolution no. 569/2019/R/gas, the entire managed network was subjected to planned research into leaks, recording quality standards that were significantly higher than those established by the Authority. To carry out this activity, the Group has for many years now been extensively adopting the leak detection methodology based on Picarro Inc.’s CRDS (Cavity Ring-Down Spectroscopy) method. In addition to identifying leaks on aerial parts, which are normally impossible to access using the traditional method, this technology also performs much better at detecting leaks on underground parts of distribution plants, including utility derivations. The accuracy and solidity of the instrumental method are guaranteed by the possibility of:

- localising, classifying and precisely quantifying both the most significant and influential gas emission sources (super emitters) and the smaller ones;
- quantifying the expected benefits/improvements, in view of targeted grid maintenance initiatives;
- prioritising grid renewal interventions with a view to reducing the effects of gas leaks and ensuring an appropriate cost/benefits balance.

At the gas delivery points - city gate - measurement and odourisation takes place (with systems equipped with innovative automatic injection systems that can dispense just the right quantity of odouriser, according to the volumes of gas distributed) and the transit gas pressure is reduced, set to be transported through to the re-delivery points at the individual end customers’ premises (domestic or industrial consumers) where the gas is once again measured. In 2022, a further 115 gas chromatographs were installed, making for a total of 272 operative instruments on the network. These tools enable the continuous monitoring of the odourisation level at reduction plants considered to be significant. In addition, in compliance with ARERA provisions, 11,504 checks were carried out on the degree of odourisation at significant points on the network, corresponding to more than three times the annual requirement laid down by standards, using gas chromatographic laboratory analysis (ACCREDIA certificate).

At 31 December 2022, Italgas Reti SpA and Toscana Energia managed respectively 808 and 71 Reduction and Measurement Collection Plants (IPRM); all the IPRMs managed are equipped with a remote control system to guarantee prompt intervention both in the event of an anomaly and of limits or interruptions to the regional service, as well as a continuous smart metering system that measures the gas entering the network.

To reduce the gas pressure before delivering to individual end customers, Italgas Reti S.p.A. operates 952 Intermediate Reduction Plants (IRIs), 9915 Final Reduction Units (GRFs) and 7106 Industrial Reduction Units (GRIs) at the end customers gas re-delivery point. Added to these are the 222 IRIs, 963 GRFs and 685 GRIs operated by Toscana Energia.

The technical-commercial operations carried out at end customers’ premises are done so in accordance with specific quality standards established by ARERA, which regard services such as quotations, works execution, the activation and deactivation of supply, respect of appointments, arrival times in situ for emergency reports and, finally, compliance with all technical standards relative to the installation and maintenance of plants making up the distribution and metering network.

Standard GRI 416-1 Assessment of the health and safety impacts of product and service categories

Quality standards established by ARERA ¹¹¹ (ARERA obligation 569/19 subsection 14.2) - Italgas Reti	u.m.	Target ARERA	2020	2021	2022 ¹¹²
High and medium pressure network inspected	%	33% (100% in three mobile years)	95.2	98.3	99.5
Low pressure network inspected	%	25% (100% in four mobile years)	95.5	98.2	99.9
Respect for maximum arrival time at the place of the call for emergency intervention	%	>90	99.3	99.5	99.7

Quality standards established by ARERA – Italgas Reti	u.m.	2020	2021	2022
Respect for maximum time set for the performance of services subject to specific standards	%	98.4	98.6	97.2
Respect for punctuality in appointments made with customers	%	98.9	99.0	99.5

Quality standards established by ARERA (ARERA obligation 569/19 subsection 14.2) - Toscana Energia	u.m.	Target ARERA	2020	2021	2022
High and medium pressure network inspected	%	33% (100% in three mobile years)	91.6	95.8	96.2
Low pressure network inspected	%	25% (100% in four mobile years)	94.2	98.0	98.8
Respect for maximum arrival time at the place of the call for emergency intervention	%	>90	98.0	98.0	98.9

Quality standards established by ARERA - Toscana Energia	u.m.	2020	2021	2022
Respect for maximum time set for the performance of services subject to specific standards	%	99.2	99.7	99.8
Respect for punctuality in appointments made with customers	%	99.6	99.7	99.8

Quality standard established by ARERA (ARERA obligation 569/19 subsection 14.11) - Medea	u.m.	Target ARERA	2020	2021	2022
High, medium and low pressure network inspected – Other Gases	%	25% (100% in four mobile years)	47.9	59.7	76.8
High and medium pressure network inspected - Natural gas ¹¹³	%	33% (100% in three mobile years)	-	100	99.1
Low pressure network inspected - Natural gas ⁹⁰ ¹¹³	%	25% (100% in four mobile years)	-	100	100
Respect for maximum arrival time at the place of the call for emergency intervention	%	>90	99.0	99.5	99.8

111. In accordance with Annex A to Resolution 569/2019 (RQDG), the distributor is required to comply with service obligations relating to the frequency of network inspection, equal respectively to 100% in the 3 mobile years for high and medium pressure networks and 100% in the 4 mobile years for low pressure networks (subsection 14.2, letters a) and b) of the RQDG).

112. The amount represents the best estimate at the closing date of the document and is subject to adjustment upon declaration to the Authority

113. Data for 2020 are not available as the first natural gas network was activated in early 2021.

Citizen and customer support services in Italy

The operative management of quality aspects is hinged on the management systems certified according to ISO 9001 standards and implemented at the level of each individual company. In support of service safety and quality, Italgas has also activated two freephone numbers in Italy to be contacted as necessary by citizens and customers:

Gas emergency intervention freephone number - 800 900 999

The service is operative 24 hours a day, 7 days a week. There is one Freephone Number for the whole of Italy for all the Municipalities where the distribution companies of the Italgas Group operate and is shown separately on the gas bill of the sales companies, on the websites of Italgas and the Group companies and in the telephone directories of the municipalities served. The service is subject to control by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA). Anyone contacting the Emergency Intervention service is put in direct contact with an operator of the Integrated Supervision Centre and not transferred to another number. Upon receipt of a report, operators provide initial indications on how to deal with gas shortages, flow irregularities, leaks. At the same time, the technical emergency intervention units are activated in order to conduct the necessary checks and appropriate activities aimed at protecting citizens, securing the installations and restoring normal service conditions as quickly as possible. Both the call and the technical intervention are free of charge.

Contact Center freephone number – 800 915 150

There is a single freephone number used for the whole of national territory, for all municipalities in which Italgas Reti operates and it is highlighted on the Italgas website. The service is not subject to any obligations imposed by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA). The Contact Centre provides information on a variety of technical and commercial activities initially via IVR (Interactive Voice Response) which allows, depending on the nature of the information requested, a transfer to an operator. The freephone number 800 915 150 is active on weekdays from 8 a.m. to 8 p.m. and the service is operated using in-house resources based in Italy. Requests from telephone and e-mail channels are handled through the Salesforce and Genesys applications. In addition, Help Online and social media channels are available to customers.

In particular, operators offer answers and support on:

- scheduled replacement of malfunctioning meters and displays providing information, appointment management, inefficiency reports and complaints to the relevant departments;
- information on metrology verification, quotations and 40/14 plant safety documentation;
- problems and support with registration on the portal.

The Italgas Contact Centre service also handles requests for information from the areas served by the company Medea S.p.A.

Online help

In order to provide end customers with an immediate and direct access to information on the Group and on activities relating to gas distribution, Italgas has made the "Help Online" web portal (faq.italgas.it) available: a self-search tool consisting of more than 100 digital pages of browsable support, accessible from the Italgas website or directly from the main search engines to quickly find answers to frequently asked questions or, if the answer is not satisfactory, the possibility of forwarding a request directly to the relevant services.

Help Online also includes pages on the topics of decommissioning, activation and reactivation, forms 40/14 on plant safety, and a description of the "ClickToGas" digital estimation service. In 2022, the portal was enhanced with new content to provide an even broader user support service.

Customer portal

In 2022, the "MyItalgas" customer portal further evolved to become a unique touch point dedicated to end customers, and offers an even more effective service and experience through its digital channel. In addition to the functions already present, i.e. those of consulting utility data (re-delivery point, meter serial number, etc.), verification of readings and consumptions, monitoring of cases and appointments, requests for quotations for works, submission of requests for information or complaints, the function was also integrated into MyItalgas, allowing for the management of document assessment for reactivations, which could previously be managed only through the Accertatemi Online portal.

In addition to MyItalgas, the MyMedea and MyToscanaEnergia customer portals are active, and the service has also been extended to users served by the company Metano S. Angelo Lodigiano, through the launch of the MySantangelo portal. Updates and integration of information to support the user in the various portals continued throughout 2022.

ClickToGas

As of 2021, Italgas has introduced a digital inspection method to improve the end-customer experience, to accelerate the time it takes to issue estimates and, at the same time, to make the entire process more sustainable. Thanks to some additional information, requested on-line on the customer portals when entering the estimate for the construction works or works to modify or remove the supply system, the customer can inspect the site with the Italgas technician digitally, scheduling a virtual appointment or, if the characteristics of the request allow, perform a self site inspection, which can be managed independently.

ClickToGas As A Service includes the following set of services:

- **ClickToGas Selfy:** The service to receive an estimate faster thanks to a digital inspection. Depending on

the details of the user's request, the digital inspection can take place in either Self or Virtual mode.

Self inspection: this is the digital inspection that can be managed completely autonomously by the customer by uploading photos and detailed information on the facility.

Virtual Inspection: this is the digital inspection for consulting with our technician via video call, without the need to wait for an on-site appointment.

- **ClickToGas Doc:** The service for uploading and signing the necessary work documents online. The user will be able to monitor their own activity and check the outcome of the verification.
- **ClickToGas All-In-One:** Introduced in 2022, the service allows gas connection and activation in a single appointment. The user can request the ClickToGas All-In-One service from the Sales Company for estimates for new, modification or restoration of the installation.

ClickToGas and use of the Virtual or Self site inspection not only guarantee a quicker, more effective estimation service but also, in 2021 and 2022, helped reduce staff movements on the territory to further protect the safety of end customers, employees and suppliers. Each use of ClickToGas services corresponds to an average of 45 car kilometres saved by Italgas technicians when carrying out the inspection and 5.7 kg of CO₂ is saved for each digital estimate carried out.

With the aim of contributing to increasingly greener cities, in 2022 Italgas launched the **Click To Be Green** a sustainability initiative dedicated to safeguarding the environment.

Based on the use of ClickToGas services and the related CO₂ savings, Italgas will create cyclical projects of social value, such as interventions in Urban Public Green Areas, planting as many new trees on public land as necessary to guarantee a CO₂ absorption equal to the amount saved thanks to ClickToGas services. Through an Eco Counter, the user can monitor the environmental benefits of digital estimates. Thanks to the use of ClickToGas, 65,465 kg of CO₂ were saved in 2022, corresponding to 11,286 ClickToGas Digital Services used.

Consumer Associations

For several years now, Italgas has been cooperating and dialoguing in a structured and continuous manner with the world of consumer associations, on the basis of an equal relationship and mutual trust. The programme, officially launched with the signing of a Memorandum of Understanding in 2018, sees the stable involvement of around 20 Consumer Associations recognised by the CNCU (Italy National Council of Consumers and Users) and aims, on the one hand, to improve the relationship with the end user and the quality of the service provided by Italgas; on the other hand, it aims to increase consumer awareness of the quality of natural gas and how it should be used.

During the first implementation period, the protocol focused on the programme for replacing traditional gas meters with smart meters, in order to better understand the contribution: greater operative efficiency, supply of reliable, timely data on consumption to the sales companies, thereby limiting incorrect billing or based on estimated readings. At the same time, the smart meter provides the customer with a tool to encourage responsible consumption.

The targeted cooperation between associations and company has also made it possible to handle user reports of any disservices more quickly and, ultimately, through a comparison with the requests made by the association, to study and implement interventions specifically aiming to limit the number of inefficiencies that are likely to give rise to complaints.

Thanks to the Protocol signed, Italgas and the associations worked together during specific territorial campaigns like, for example, the transformation to methane of the networks previously isolated and managed with LPG or particularly important unforeseen events, in order to facilitate the conversion, limiting, through due information, potential negative fallout impacting the consumer.

In 2022, the collaboration focused on several topics: the subject of Sardinia's methanisation was once again addressed, continuing to highlight the advantages – both economic and environmental – of using natural gas instead of other fuels that have a greater impact on the environment, and organising inspections at the main operational

installations, such as the storage tanks upstream of the distribution networks. The commercial plans to encourage new connections in the region were also shared.

During the course of the year, Italgas organised a meeting at its Turin headquarters with some national and local Consumer Association managers, during which the Company's commitment to digitisation in support of the introduction of renewable gas into the networks was illustrated through a dedicated visit, as well as the commitment to digitising archive and archaeological heritage through the Heritage Lab, and Italgas' most recent installations aimed at guaranteeing the supervision and security of the managed networks, such as the Integrated Supervision Centre.

Transparent relations and collaboration with sales companies

In Italy, natural gas consumers are already today free to choose their supplier on the free market. Also, with the end of the "protected market", scheduled to become effective in January 2024, consumers using this service will also have to switch to the free market and choose their own supplier.

To this end, the distribution companies are obliged to grant access to their networks for all those so requesting. More specifically, with Resolution no. 138/04, the Authority issued orders to promote the development of competition in the sale of natural gas and, at the same time, to ensure, in respect of consumer rights, the correct transmission of information between distributors and sellers.

With the objective of improving dialogue between the parties and fostering increasingly constructive debate and exchange, Italgas continues to pursue its training and information programme dedicated entirely to the sales companies.

Dialogue and constant collaboration with sales companies are also a priority for the Greek companies recently acquired by Italgas. Among these, DEPA Infrastructure organises meetings, online meetings, and webinars throughout different periods of the year on topics related to the services that it offers. This includes relevant and impactful regulatory changes for the industry, as well as addressing how to use new and recently released information tools that may affect the activities of sales companies, and the joint management of end customers.

DEPA Infrastructure also has digital platforms for sales companies enabling the input of services and requests on behalf of end customers. Support channels include dedicated web portals for end customers that allow them to make service requests, monitor the status of their requests, upload documentation, make payments, etc. For EDA Attikis, there are also physical service points where customers can go to receive support for their queries.

Gas2Be

In line with Italgas' broader digitisation process, the Gas2Be communication portal, designed and created in Italgas' Digital Factory, has been online since February 2021. This innovative platform aims to optimise and support the partnership with the sales companies ever more quickly, with simple, user-friendly processes in a bid to continue the digitisation of Italgas' processes and improve the services offered.

Sales Support

As regards the systems in place to collect sales companies reports and complaints, Italgas has enriched the "Sales Support" function with new sections through which to obtain data and information. With the new "DIY" section, "Sales Support" provides quick assistance with requests for information with no need to make an actual, formal report. It also makes available a series of "Self Tools", which can immediately provide the data requested, including more than 160 "FAQs", through which full information can be found to answer customers' questions. In addition, Italgas has improved the formal process for creating a report by making it simple and intuitive, enabling a timely and digital response to vendor requests, guaranteeing the certification of the data provided and greater efficiency, thanks also to the new "Complex Complaints" feature through which sales companies can request virtual meetings dedicated to resolving complex cases. In 2022, Italgas digitally handled more than 25 thousand reports made by the sales companies through "Sales Support".

Customer Satisfaction Survey

The listening activities intended for sales companies include, in November 2022, Italgas' proposal for the third year of its Customer Satisfaction Survey, used to collect valuable feedback to continue to improve the partnership. The on-line survey measured the degree of satisfaction of the sales companies through 52 questions divided up into 9 areas relating to the main businesses and processes; more than 120 users of the same sales companies took part. The results of the survey highlight a considerable improvement in general satisfaction levels: in fact, there is a 7% increase compared to the 2021 edition and a 20% increase compared to the first edition in 2020.

Starting from the results obtained, Italgas undertakes to organise focus groups in the current year, as it did in 2022, to listen and implement improvements, with a view to assuring even greater collaboration, engagement and improvement in the quality of service.

6.2.2 Guaranteeing health and safety in the workplace

Italgas Group's commitment towards health and safety is formalised in the Italgas Group "Health, Safety, Environment, Quality and Energy Policy (HSEQE)", developed on the basis of company policies and in line with the Code of Ethics, aimed at enhancing and protecting human resources, essential values for the Company.

Some of the explicit commitments on which the Policy is based concern activities such as:

- to design, implement, manage and dispose of facilities, constructions and assets, to protect worker health and safety, the environment, energy savings, while aligning with the best technologies available and sustainable economically;
- to conduct and manage activities in order to prevent incidents, accidents and occupational diseases;
- to ensure the information, training, and awareness of personnel for an active and responsible participation in the implementation of the principles and the achievement of the objectives;


The safety awareness and discussion meetings, in which the contractors are also involved, represent some of the actions implemented by the Company to achieve its goals of minimising the number of accidents for both its employees and contractors.

During the year, various initiatives were implemented with the priority objective of strengthening the company's "commitment" to safety. This included, for example, meetings between management and employees, where organisational and operational aspects were examined with a particular focus on safety. During the year, recurring activities are also carried out on safety issues and, in particular, issues regarding the prevention of accidents attributable to the activities of operational staff. These include, for example, the "Italgas Safety Trophy", an initiative aimed at awarding recognition to all staff, categorised by homogeneous groups, who have distinguished themselves in achieving a result considered to be of the highest importance: the absence of accidents. Among the other reporting elements defined by the Trophy rules, are a number of additional parameters that are also considered, in addition to accident events, such as near-miss reports, non-conformities detected and remedied during the management system and/or site audits, information meetings, etc.

With regard to aspects related to the containment of Sars COV-2, since the start of the pandemic, all Group staff have received periodic briefings on the prevention measures adopted, as well as shared protocols to limit the spread of the virus in the workplace.

With reference to 2022, compared with the previous year, for employees, an increase is recorded in incidents that occurred at work. We have gone from 4 events in 2021 to 9 in 2022, aligning with the trend seen in the last five years (8 events in 2018 – 6 in 2019 – 7 in 2020). The majority of the events that occurred in 2022 were attributable to situations that occurred at work during vehicle journeys (6 events out of a total of 9), of which as many as 4 were road traffic accident, caused by the behaviour of external parties. All events were subjected to systemic analyses in order to define further corrective actions that were promptly activated to avoid the recurrence of similar accidents. The frequency index (FI), calculated using only employee accidents that occurred at work, is therefore up from 0.61 in 2021 to 1.47 in 2022.

The number of contractor accidents, 9 in 2022, is in line with recent years (in the last three years there have been 8 accidents per year). The Frequency Index of 2.20, on the other hand, shows an increase compared to the values of the previous three years, mainly due to the decrease in the number of hours worked.

 Italy				
Standard GRI 403-9 Work-related injuries Employees* - Italy	u.m.	2020	2021	2022
Workplace accidents (LTI) ¹¹⁴	no.	7	4	9
of which with serious consequences (absence of more than 6 months)	no.	0	0	0
Fatalities	no.	0	0	0
Employee accident rates **				
Frequency Rate (LTIFR) ¹¹⁵	-	1.07	0.61	1.47
Accident frequency rate with serious consequences	-	0	0	0
Fatality index	-	0	0	0
Severity index	-	0.01	0.01	0.05


*The data on accidents include events that led to absence from work for more than one day.


** The injury indices have been calculated as follows:

Fatality index: number of fatalities / million hours worked

Severity index: days absence due to injury / thousand hours worked

Frequency index: number of injuries recorded / million hours worked

 Italy				
Standard GRI 403-9 Work-related injuries Non-employed workers (contractors ¹¹⁶)* - Italy	u.m.	2020	2021	2022
Workplace accidents (LTI)	no.	8	8	9
of which with serious consequences (absence of more than 6 months)	no.	0	0	0
Fatalities	no.	0	0	0
Accident indices (contractors) **				
Frequency Index (LTIFR)	-	1.94	1.71	2.20
Accident frequency rate with serious consequences	-	0	0	0
Fatality index	-	0	0	0
Severity index	-	0.10	0.07	0.11

 Italy				
Employee + contractor accident frequency index - Italy	u.m.	2020	2021	2022
Employee + contractor accident frequency index - Italy	-	1.41	1.07	1.76
Near misses	no.	5	9	18

*The data on accidents include events that led to absence from work for more than one day.

** The injury indices have been calculated as follows:

Fatality index: number of fatalities / million hours worked

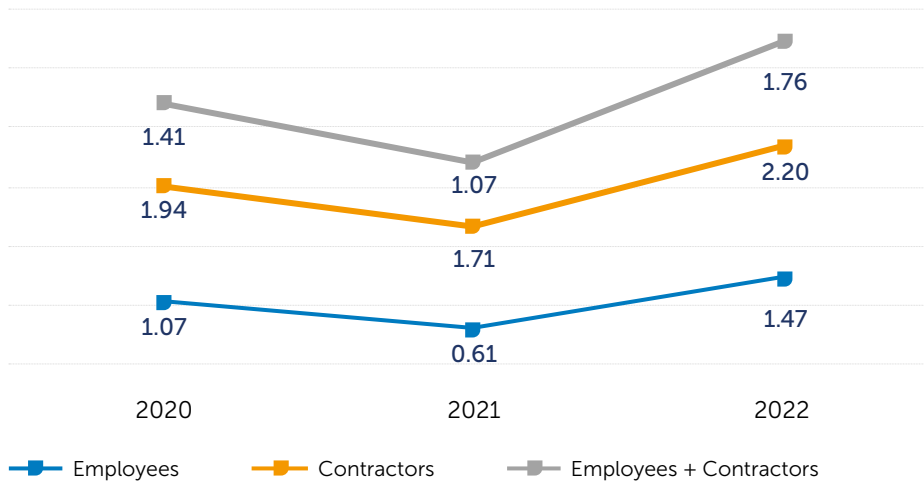
Severity index: days absence due to injury / thousand hours worked

Frequency index: number of injuries recorded / million hours worked

114. LTI: Lost Time Injury

115. LTIFR: Lost Time Injury Frequency Rate

116. Workers of companies with a service or work contract with Italgas (e.g. construction companies, cleaning companies, etc.).



Finally, at the newly acquired Greek companies DEDA, EDA Thess and EDA Attikis, in the last four months of 2022 (consolidation period in the Italgas Group), 4 accidents occurred to employees, resulting in an LTIFR of 11.92 and a severity index of 0.06. The combined employee and contractor Frequency Index aggregated for Greek companies in the same period was 5.91.

6.2.3 Developing and promoting future skills, valuing diversity and supporting equal opportunities and inclusion

Attention to people and skills

Italgas HR management supports personal development and the Group's industrial growth, based on three strategic pillars:

- strengthening engagement and encouraging innovation and organisational changes;
- improving inclusion and sustainability of doing business;
- increasing efficiency through digitisation processes.

With the awareness that the main challenges presented by digital transformation involve people, the Group has planned to continue investing in upskilling and reskilling activities as part of its 2022-2028 Sustainable Value Creation Plan, reaching a target, at the end of the Plan, of 48 hours of training per year per employee, with a specific focus on digital learning. Furthermore, with the Italgas Academy, the Group will ensure continuous managerial and cultural growth, conveying a single corporate purpose among the various businesses and managers.

Italgas strongly reaffirms its commitment to Diversity & Inclusion in order to improve the inclusion of its people, promote equal opportunities, appreciate the value of diversity and promote the uniqueness of individuals.

To this end, a change management programme was launched dedicated to Diversity & Inclusion through widespread awareness-raising initiatives, which in 2022 culminated in the identification of over 40 Diversity & Inclusion Ambassadors, key figures of change who are engaged in specific work areas such as Age & Culture, Disability and Gender. In line with the Code of Ethics, Italgas considers diversity a corporate asset: it respects the dignity of every individual and guarantees equal opportunities in all aspects of the employment relationship, preventing any form of discrimination deriving from differences in sex, age, health, ethnicity, nationality, political or religious opinions.

The targets Italgas has set itself for 2028 are challenging: increase in gender representation, with specific reference to managerial positions (27% of women in positions of responsibility by 2028).

Put people at the centre


Italgas has always considered its people as its most valuable assets and has defined a series of actions within the 2022-2028 Strategic Plan, aimed at their development and growth. In addition, the insourcing of the Group's main core activities is envisaged, in line with the approach taken in recent years, and the inclusion of new resources aged under 30.


In compliance with Italy national legislation, the national collective labour agreement for gas and water and the trade union agreements established on a corporate level, the whole of the company population can benefit from flexible working solutions, such as part-time, study permits for certain types of workers (such as working students) or smart working solutions.

Finally, it should be noted that the data and information reported in this chapter refer to the Italy scope and, where available, to the Greek scope. Therefore, given the short period of consolidation of the Greek companies, the detailed analyses refer to the Italy scope.


Personnel


As at 31 December 2022, the Italgas Group had 3,677 employees in Italy (compared to 3,904 in 2021) and 561 in Greece.

 Italy										
Employees (headcount) GRI 2-7	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Part time	no.	7	37	44	7	36	43	5	33	38
Temporary	no.	0	0	0	0	0	0	0	0	0
Permanent	no.	7	37	44	7	36	43	5	33	38
Apprenticeships	no.	0	0	0	0	0	0	0	0	0
Full time	no.	3,378	563	3,941	3,257	604	3,861	3,019	620	3,639
Temporary	no.	1	0	1	0	1	1	4	1	5
Permanent	no.	3,187	504	3,691	3,049	537	3,586	2,832	566	3,398
Apprenticeships	no.	190	59	249	208	66	274	183	53	236
Total	no.	3,385	600	3,985	3,264	640	3,904	3,024	653	3,677


 Greece				
Employees (headcount) GRI 2-7	u.m.	2022		
		Men	Women	Total
Part time	no.	0	0	0
Temporary	no.	0	0	0
Permanent	no.	0	0	0
Apprenticeships	no.	0	0	0
Full time	no.	379	182	561
Temporary	no.	9	3	12
Permanent	no.	370	179	549
Apprenticeships	no.	0	0	0
Total	no.	379	182	561

Specifically, in Italy, 93% of the company population is hired on permanent contracts, while apprenticeship contracts account for the remaining 7%. In Greece, on the other hand, 98% of the company population consists of permanent contracts and 2% consists of temporary contracts.

 Italy				
	u.m.	2020	2021	2022
Temporary contract	%	0	0	0
Permanent contract	%	94	93	93
Apprenticeship (direct employees)	%	6	7	7


 Italy										
Employees (headcount) GRI 2-7	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary contract	no.	1	0	1	0	1	1	4	1	5
North Italy	no.	1	0	1	0	1	1	2	1	3
Central Italy	no.	0	0	0	0	0	0	2	0	2
South Italy and islands	no.	0	0	0	0	0	0	0	0	0
Permanent contract*	no.	3,194	541	3,735	3,056	573	3,629	2,837	599	3,436
North Italy	no.	1,170	272	1,442	1,127	303	1,430	1,123	347	1,470
Central Italy	no.	1,055	146	1,201	997	147	1,144	986	152	1,138
South Italy and islands	no.	969	123	1,092	932	123	1,055	728	100	828
Apprenticeship (direct employees)	no.	190	59	249	208	66	274	183	53	236
North Italy	no.	49	27	76	57	26	83	54	20	74
Central Italy	no.	86	13	99	94	13	107	84	15	99
South Italy and islands	no.	55	19	74	57	27	84	45	18	63
Total	no.	3,385	600	3,985	3,264	640	3,904	3,024	653	3,677


*Permanent contracts also include part-time contracts.

 Greece		
	u.m.	2022
Temporary contract	%	2
Permanent contract	%	98
Apprenticeship	%	0


Employees (headcount) GRI 2-7	u.m.	2022		
		Uomo	Donna	Totale
Temporary contract	no.	9	3	12
Permanent contract*	no.	370	179	549
Apprenticeship	no.	0	0	0
Total	no.	379	182	561

*Including part time.


 Italy										
Employees by average seniority	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Average age of employees (age)	no.	51	48	50.5	50	47	49.5	49	45	48
Average seniority of service (years)	no.	25	21	24.5	24	19	23.2	22	16	21

 Greece					
Employees by average seniority	u.m.	2022			
		Men	Women	Total	Total
Average age of employees (age)	no.	47	44	46	
Average seniority of service (years)	no.	15	13	15	


During 2022, 342 people joined the group companies in Italy, of whom 327 were hired from the market, 10 were hired through the incorporation of Janagas and 5 returned from voluntary leave.

 Italy										
New recruits* GRI 401-1	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	no.	41	26	67	68	50	118	117	58	175
under 30 years	no.	30	16	46	29	22	51	57	21	78
between 30 and 50 years	no.	9	10	19	38	27	65	59	34	93
over 50 years	no.	2	0	2	1	1	2	1	3	4
Central Italy	no.	40	12	52	45	10	55	68	17	85
under 30 years	no.	36	9	45	40	8	48	50	12	62
between 30 and 50 years	no.	4	3	7	5	2	7	17	5	22
over 50 years	no.	0	0	0	0	0	0	1	0	1
South Italy and islands	no.	21	19	40	30	14	44	53	14	67
under 30 years	no.	17	13	30	20	8	28	40	7	47
between 30 and 50 years	no.	3	6	9	10	6	16	13	7	20
over 50 years	no.	1	0	1	0	0	0	0	0	0
Total	no.	102	57	159	143	74	217	238	89	327
under 30 years	no.	83	38	121	89	38	127	147	40	187
between 30 and 50 years	no.	16	19	35	53	35	88	89	46	135
over 50 years	no.	3	0	3	1	1	2	2	3	5


*Only market entries are considered.

 Greece				
New recruits* GRI 401-1	u.m.	2022		
		Men	Women	Total
under 30 years	no.	1	0	1
between 30 and 50 years	no.	1	3	4
over 50 years	no.	0	0	0
Total	no.	2	3	5


* Only market entries are considered.

 Italy									
Inbound turnover rate* GRI 401-1	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	3%	9%	4%	6%	15%	8%	10%	16%	11%
under 30 years	25%	38%	29%	24%	51%	31%	38%	42%	39%
between 30 and 50 years	3%	9%	4%	11%	19%	14%	16%	19%	17%
over 50 years	0%	0%	0%	0%	1%	0%	0%	2%	1%
Central Italy	4%	8%	4%	4%	6%	4%	6%	10%	7%
under 30 years	24%	60%	28%	26%	47%	28%	29%	60%	32%
between 30 and 50 years	2%	6%	3%	2%	4%	2%	7%	11%	7%
over 50 years	0%	0%	0%	0%	0%	0%	0%	0%	0%
South Italy and islands	2%	13%	3%	3%	9%	4%	7%	12%	8%
under 30 years	20%	62%	29%	22%	35%	25%	37%	39%	37%
between 30 and 50 years	2%	15%	5%	6%	14%	8%	8%	16%	10%
over 50 years	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	3%	10%	4%	4%	12%	6%	8%	14%	9%
under 30 years	24%	49%	28%	25%	46%	28%	34%	45%	36%
between 30 and 50 years	2%	9%	4%	7%	15%	9%	11%	17%	13%
over 50 years	0%	0%	0%	0%	0%	0%	0%	1%	0%


*Calculated as: new recruits/employees as at 31.12 every year for each cluster.

 Greece				
Inbound turnover rate* GRI 401-1	u.m.	2022		
		Men	Women	Total
under 30 years	%	20	0	8
between 30 and 50 years	%	0	2	1
over 50 years	%	0	0	0
Total	%	1	2	9

*Calculated as: new recruits/employees as at 31.12 every year for each cluster.


 Italy				
New hires by level*	u.m.	2020	2021	2022
Executives	no.	4	5	4
Managers	no.	11	13	16
Office Workers	no.	82	146	221
Field Workers	no.	62	53	86
Total	no.	159	217	327


*Only market entries are considered

 Greece		
New hires by level*	u.m.	2022
Executives	no.	0
Managers	no.	0
Office Workers	no.	5
Field Workers	no.	0
Total	no.	5


*Only market entries are considered


The increase continues in the absolute value of the number of university graduates, while those who have completed secondary school or other schooling levels, declines.

 Italy										
Employees by level of education	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
University graduates	no.	405	255	660	455	308	763	528	359	887
Secondary school graduates	no.	1,727	268	1,995	1,671	263	1,934	1,560	247	1,807
Other (below secondary school diploma)	no.	1,253	77	1,330	1,138	69	1,207	936	47	983
Total	no.	3,385	600	3,985	3,264	640	3,904	3,024	653	3,677


 Greece				
Employees by level of education	u.m.	2022		
		Men	Women	Total
University graduates	no.	73	46	119
Secondary school graduates	no.	132	88	220
Other (below secondary school diploma)	no.	174	48	222
Total	no.	379	182	561

In 2022, 57% of new hires in Italy were resources aged under 30 years old: this figure is consistent with the trend recorded in the three-year period 2020-2022 and shows constant growth.

 Italy				
% employees by age bracket out of total employees	u.m.	2020	2021	2022
Under 30 years	%	10.7	11.4	14.2
Between 30 and 50 years	%	22.4	24.8	28.9
Over 50 years	%	66.9	63.8	56.9

 Greece		
% employees by age bracket out of total employees	u.m.	2022
Under 30 years	%	2
Between 30 and 50 years	%	73
Over 50 years	%	25

On the other hand, 335 people left the Group, of whom 308 resigned either through retirement or voluntarily, and the remaining 27 for other reasons (such as dismissal, fatalities, due to the end of a temporary contract, etc.).


 Italy										
Outgoing workers* GRI 401-1	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	no.	78	21	99	96	18	114	142	36	178
under 30 years	no.	3	3	6	2	6	8	13	4	17
between 30 and 50 years	no.	3	2	5	9	2	11	35	10	45
over 50 years	no.	72	16	88	85	10	95	94	22	116
Central Italy	no.	98	8	106	93	10	103	82	8	90
under 30 years	no.	1	0	1	3	2	5	6	2	8
between 30 and 50 years	no.	2	0	2	2	0	2	3	3	6
over 50 years	no.	95	8	103	88	8	96	73	3	76
South Italy and islands	no.	62	6	68	74	7	81	60	7	67
under 30 years	no.	0	1	1	1	1	2	2	3	5
between 30 and 50 years	no.	1	1	2	2	0	2	2	0	2
over 50 years	no.	61	4	65	71	6	77	56	4	60
Total	no.	238	35	273	263	35	298	284	51	335
under 30 years	no.	4	4	8	6	9	15	21	9	30
between 30 and 50 years	no.	6	3	9	13	2	15	40	13	53
over 50 years	no.	228	28	256	244	24	268	223	29	252

*Termination by mutual agreement and other outgoings.


 Greece				
Outgoing workers* GRI 401-1	u.m.	2022		
		Men	Women	Total
under 30 years	n.	5	2	7
between 30 and 50 years	n.	11	7	18
over 50 years	n.	0	0	0
Total	n.	16	9	25

* Termination by mutual agreement and other outgoings.



The Group's turnover has remained largely stable over the years; the slight increase recorded is mainly related to the company's demographic curve leading to a higher number of retirements in recent years.


 Italy									
Outgoing turnover rate* GRI 401-1	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	6%	7%	7%	8%	5%	8%	12%	10%	12%
under 30 years	3%	7%	4%	2%	14%	5%	9%	8%	8%
between 30 and 50 years	1%	2%	1%	3%	1%	2%	10%	5%	8%
over 50 years	9%	11%	9%	12%	7%	11%	14%	16%	15%
Central Italy	9%	5%	8%	9%	6%	8%	8%	5%	7%
under 30 years	1%	0%	1%	2%	12%	3%	3%	10%	4%
between 30 and 50 years	1%	0%	1%	1%	0%	1%	1%	6%	2%
over 50 years	12%	9%	12%	12%	9%	12%	11%	3%	10%
South Italy and islands	6%	4%	6%	7%	5%	7%	8%	6%	8%
under 30 years	0%	5%	1%	1%	4%	2%	2%	17%	4%
between 30 and 50 years	1%	3%	1%	1%	0%	1%	1%	0%	1%
over 50 years	8%	5%	7%	10%	7%	9%	11%	7%	11%
Total	7%	6%	7%	8%	5%	8%	9%	8%	9%
under 30 years	1%	5%	2%	2%	11%	3%	5%	10%	6%
between 30 and 50 years	1%	1%	1%	2%	1%	2%	5%	5%	5%
over 50 years	10%	9%	10%	11%	7%	11%	12%	10%	12%

*Calculated as: leavers/employees as at 31.12 every year for each cluster.


 Greece				
Outgoing turnover rate* GRI 401-1	u.m.	2022		
		Men	Women	Total
under 30 years	%	100	29	64
between 30 and 50 years	%	4	5	4.5
over 50 years	%	0	0	0
Total	%	4	5	4.5

* Calculated as: leavers/employees as at 31.12 every year for each cluster.

		u.m.	2020	2021	2022
Voluntary outgoing turnover rate	 Italy	%	0.35	0.74	2.10
Voluntary outgoing turnover rate	 Greece	%	-	-	0.35

 Italy					
Turnover rate*		u.m.	2020	2021	2022
GRI 401-1					
Men		%	9.9	12.4	16.6
Women		%	15.6	17	21.4
North		%	10.8	15.3	23.4
Centre		%	11.9	12.1	14.4
South		%	9.2	11	12.2
Total		%	10.7	13.2	17.4

*Calculated as the number of incoming workers plus the number of outgoing workers on the average workforce * 100 for each cluster.

 Greece			
Turnover rate*		u.m.	2022
GRI 401-1			
Men		%	4.8
Women		%	6.6
Total		%	5.4

* Calculated as (incoming + outgoing) / average workforce * 100 for each cluster

Training and Development

In the year of Italgas' 185th anniversary, the Company's Leadership Team has decided to adopt a new identity system (Purpose, Vision, Mission, Leadership Model) that builds upon the substance of the storytelling values that inspire and guide the behaviour of all the Group's people, towards the profound transformation that the Company is undergoing in order to play an increasingly central role in the energy transition towards the Net-Zero objective and for the creation of sustainable value for all its stakeholders.

The project led to the joint construction, together with the Company's first and second lines, of the Italgas Group's Purpose, Vision, Mission and Leadership Model.

The Leadership Model is the basis on which the new Performance Management system (**IGrid Performance Evaluation**) has been built in 2022 and on which the Training Academy (**IG Academy**), to be launched in 2023, has been structured.

The Communication Plan for all Change Management initiatives began in 2022, starting with "Leave your mark", the programme open to the entire population aimed at contributing to the new Italgas identity (Purpose, Vision and Mission).

Development programmes

The management development plan's logic and pillars are the management of performance through the continuous feedback culture, the development of staff potential through an assessment and empowerment programme and the consequent development and career plans.

For graduates who had recently joined the Training and Development Programme (formerly Italgas School, now **WeGrow**), it combines classroom-based training activities over several modules with activities for developing potential. 620 training hours were delivered in 2022.

During 2022, the **WeLead** programme continued, aimed at supporting newly appointed managers in taking on their roles and acquiring key skills, techniques and tools for managing and developing their teams and the business, with a focus on delegation, feedback and the development of emotional intelligence. More than 1,100 training hours were delivered in 2022; the course will continue in 2023 for all new managers.

The mapping of the managerial potential among first-line managers (13 people) continued during 2022, including for the purpose of updating Succession Planning, and individual Coaching courses for managers and middle managers who acquired roles of greater responsibility during the year.

Training programmes

Training at Italgas aims to empower employees to achieve the strategic business objectives. In 2022 this objective was achieved by relaunching the technical/

specialised training in 2 different areas: distinctive corporate skills on the one hand, and the new skills required to guide the digital and sustainable transformation on the other.

As for historical and distinctive skills at Italgas, a call to action was launched in July 2022 to relaunch and create the new internal teaching body. In 2023, its objective will be to redesign the historical courses using the hybrid methods tested in recent years. More than 500 Italgas Reti employees, experts on the 10 identified topics, were involved in the call to action, and the 44 teachers who make up the new in-house faculty were chosen through a selection process. A training/empowering course for trainers called "WeTrain" was designed for these teachers.

In 2022, a total of over 129,700 hours of training were provided and every employee on average received over 35 hours of training.

IGrid

IGrid-Performance Evaluation is the Italgas Group's evaluation tool based on the Italgas' Leadership Model and the Performance expressed during the year, it replaces the 9Box Mapping, used from 2018 to 2021. IGrid represents a process for line managers and HR managers to share their observations on people and is the compass by which to guide development, role growth, total reward and resource management actions.

The IGrid process is managed entirely through the MYHR platform: the management system, customised in the Italgas Digital Factory by an HR/line manager team, released in June 2022.

In 2022, managers, middle managers and employees of all Group companies (approximately 2,400 people) were assessed;

In addition to training and sharing the new management process with the entire population through webinars attended by about 1,700 employees, for a total of almost 2,000 training hours, all Group managers (about 330) were involved in the IGrid Training Workshops, dedicated to managerial development in the area of evaluation, annual performance feedback and training on the use of the new platform, totalling 40 classes and more than 1,900 training hours.

Developing the skills of the future

In line with the digital upskilling objectives of the entire company population, the training campaign continued with over 30,000 hours of training, delivered through a wide training offer accessible from our multimedia platform MyLearning, with various topics of digital literacy, digital transformation and cybersecurity and with specific subjects such as the Internet of Things, business tools, digital & customer mindset, big data & blockchain, etc.

Moreover, to foster the knowledge transfer and professional updates on technical systems and the deployment activities of the Digital Factory,


digital training was delivered using train-the-trainer procedures and in-depth sessions through shadowing on new digital systems, with the help of expert employees. In line with the digital transformation initiatives contained in the strategic plan and by virtue of the growing importance of information and data management, in addition to defining adequate security policies, training on cyber risk, data protection and classification and information security has been extended to all personnel, through a series of interactive courses and specific awareness-raising campaigns.


Smart Rotation


With a view to strengthening the exchange of skills within the Group, optimising resources and fostering the development of in-house talent and

professionalism, in 2022 the in-house Job Posting project continued, allowing employees to view vacancies within the Group.


	u.m.	2020	2021	2022
Percentage of new positions held by in-house candidates- Italy	%	90.6	87.6	80.8
Percentage of new positions held by in-house candidates - Greece	%	-	-	0


 Italy				
Training	u.m.	2020	2021	2022
Total hours of training provided	hours	75,948	112,379	129,700
of which women	hours	11,899	17,571	20,687
of which men	hours	64,049	94,808	109,013


 Greece			
Training ¹¹⁷		u.m.	2022
Total hours of training provided		hours	2,695.50
of which women		hours	734
of which men		hours	1,961.50

 Italy				
Breakdown of training hours delivered by subject and type	u.m.	2020	2021	2022
Training on HSEQ topics	hours	19,040	41,921	43,037
<i>Attendances</i>	no	4,038	6,715	8,910
Training on the Code of Ethics - Model 231 - Anti-corruption – Antitrust	hours	3,849	1,950	4,131
<i>Attendances</i>	no	2,914	1,686	4,329
Managerial training	hours	16,071	14,908	20,941
<i>Attendances</i>	no	6,418	5,959	8,079
Technical/specialised training	hours	16,852	28,768	28,436
<i>Attendances</i>	no	2,423	3,252	3,760
Training on digitisation topics	hours	20,137	24,832	33,155
<i>Attendances</i>	no	1,7122	18,449	59,119

117. The figures shown are pro-rata values for the September-December consolidation period of total annual training

 Greece		
Breakdown of training hours delivered by subject and type ¹¹⁸	u.m.	2022
Training on HSEQ topics	hours	940
Attendances	no	207
Training on the Code of Ethics - Model 231 - Anti-corruption - Antitrust	hours	33
Attendances	no	27
Managerial training	hours	64.50
Attendances	no	4
Technical/specialised training	hours	1,001
Attendances	no	64
Training on digitisation topics	hours	657
Attendances	no	232

 Italy										
Standard GRI 404-1	u.m.	2020			2021			2022		
Average hours of training per year per employee*		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees	hours/no.	19	20	19	29	28	29	36	32	35
Executives	hours/no.	26	30	26	24	28	25	30	29	30
Managers	hours/no.	26	21	25	27	27	27	36	44	38
Office Workers	hours/no.	20	20	20	25	27	26	34	30	33
Field Workers	hours/no.	16	5	16	34	56	34	39	64	39

 Greece					
Standard GRI 404-1	u.m.	2022			
Average hours of training per year per employee ¹¹⁸		Uomo	Donna	Totale	
Total employees	hours/no.	5	4	5	
Executives	hours/no.	3	4	3	
Managers	hours/no.	9	13	10	
Office Workers	hours/no.	4	3	4	
Field Workers	hours/no.	5	4	5	

In addition to this, please note the following training initiatives delivered in 2022:

- **Language courses:** with over 6,000 hours provided, the training programme to develop and consolidate English language skills continued.
- **Area conventions:** again in 2022, great emphasis was placed on management sharing corporate goals and challenges through area conventions. Over the years, these have become important moments for discussion for the leadership team and the entire Italgas population; in 2022 around 10,000 hours were delivered.
- **Supply chain engagement:** Italgas also continued to organise various initiatives in 2022 for the engagement of the entire supply chain. "HSE Partners Lab" and "Communication management in emergency situations" are two examples of activities

118. The figures shown are pro-rata values for the September-December consolidation period of total annual training

that aimed to raise awareness amongst partners on paying closer attention to improve prevention, increase safety levels, reduce the environmental impacts, stimulate a more efficient use of resources and, at the same time, increase communication skills and awareness in the various situations, so as to be able to offer a better service to the community.

- **Training course on Safe and Environmentally Sustainable Driving:** with a view to constant attention to the issues of Safety and Sustainability, the preventive, defensive and environmentally sustainable safe driving course on circuits continued. About 400 participants were involved in these initiatives for over 2,600 hours, with the aim of achieving the best driving safety standards and optimising vehicle management in terms of consumption and maintenance costs.
- **Training course on Picarro:** in support of the Scheduled Search for Leaks, various training initiatives were organised on the technology, use of Surveyor vehicles and portable backpack analysers. There were about 170 participants for a total of about 650 hours. Thanks to the training, it was possible to extend the service for Scheduled Search for Leaks beyond company and national borders by involving other companies in the sector such as UnaReti, Reti Distribuzione, Floene (Portugal) and DEPA Infrastructure (Greece).
- **Training course on plants:** with around 8,000 hours and over 400 people involved, the training and qualification process of personnel involved in the surveillance of the natural gas distribution plants also continued in 2022, in application of UNI - E01129160;
- **Training course on emergency assistance:** in 2022, in addition to delivering around 2,000 hours of internal training on technical/procedural topics of emergency assistance, the content and methods were redesigned to make the theoretical and practical training even more engaging and effective;

In 2022, around 130,000 hours of total training were delivered, corresponding to around 35 hours per capita. The average hours of training, 35 hours, have clearly increased on the previous year (+25%).

Even in economic terms, the average investment in external costs for each person, equal to around € 350 in 2022, was much higher than 2021 (+60%).

Compensation system

Italgas is committed to ensuring a remuneration policy that is in line with national and international best practices, that supports and encourages business development, is consistent with the Strategic Plan and responds to the Company's values and culture.

In particular, in order to attract, motivate and retain the best talents, Italgas promotes employee commitment and performance through the definition and implementation of compensation policies, that are very much focused on meritocracy and differentiat-

People Analytics

In continuity with 2021 HR Analytics activities, the Digital HR team was expanded in 2022 with the creation of an *ad hoc* People Analytics Unit. The unit intends to provide quantitative methods and tools to support better talent management, continuous improvement of HR processes and employee experience.

During 2022, an advanced reporting system for managers and HR was developed that provides analytical information on employees (e.g. key demographic trends, analysis of the distribution of annual performance appraisal results, monitoring of training hours, etc.) and with definition of a roadmap for development of predictive algorithms to improve HR process management.

ed according to performance and professional and managerial abilities, by considering:

- the responsibilities assigned;
- the results achieved;
- the quality of the professional contribution;
- the leadership model and values;
- people's development potential.

The Italgas Group Remuneration Policy is described in full in the annual Report on the Remuneration Policy and Compensation Paid, the latest approved version of which, in 2022, was much appreciated by stakeholders and shareholders with 97.5% voting in favour of the first section on the 2022 policy and 97.9% voting in favour of the second section, on the compensation paid in 2021.

Italgas adopts a structured process of analysis and recurring reviews, typically on an annual basis, of employees' fixed remuneration in order to recognise merit and the growth of individuals, establishing remuneration policies with the aim of ensuring consistency and balance within the organisational structure. All this is borne out by a balanced pay ratio, with the ratio of fixed remuneration paid in 2022 to the CEO and the average fixed remuneration of Italgas employees in 2022 being 1:21, a ratio that remains substantially constant compared to the previous year.

Moreover, in order to ensure the implementation of the Strategic Plan and the achievement of business objectives, Italgas provides Management with incentive systems with a short- and medium-to-long-term time horizon and which are both monetary instruments and shares. In addition, assignment is envisaged, for all middle managers, of an individual target card, to which 50% of the corporate premium is linked, in a bid to further strengthen the focus on results and assign increasing importance to merit.

In 2022, performance assessment involved 60 executives (11 of whom were women) and 385 non-executives (93 of whom were women), coming to a total of 445 people, divided among the various Italgas Group companies as follows:

- Italgas S.p.A. (31.7%): 134 people, 31 of whom were executives (8 of whom was woman) and 103 of which were non-executives (37 of whom were women);
- Italgas Reti (8.3%): 217 people, 14 of whom were executives (1 of whom was woman) and 203 of which were non-executives (36 of whom were women);
- Medea (12.9%): 8 people, 1 of whom was a female executive;
- Toscana Energia (7.0%): 26 people, 5 of whom were executives;
- Geoside (21.2%): 18 people, 3 of whom were executives (1 of whom was woman) and 15 of which were non-executives (6 of whom were women);
- Italgas Acqua (20.0%): 4 people, 1 of whom were executives;

- Bludigit (38.8%): 38 people, 5 of whom were executives and 6 women.

For further details, please refer to the Report on the 2022 Remuneration Policy and the 2021 Compensation Paid and the 2023 Remuneration Policy and 2022 Compensation Paid.

Relations with trade unions

In 2022, relations between the Italgas Group and the Trade Unions (TUs) saw the involvement and participation of structures at national, local and company levels. During the year, relations with the trade unions were particularly intense and focused on the start of relations with the newly elected Group Trade Union Representatives (RSU), as well as on the signing of a new Group Industrial Relations Protocol (agreement of 8 April 2022), which provided, among other changes, for the establishment of an RSU Coordination Committee (CCRSU), made up of 26 RSU members and 6 members of the regional departments, in order to assign, to this new body, the management of transversal issues of national interest at trade union level. The Joint Institution (IPA) for Training was also established to jointly govern the topic of financed and non-financed training.


Following the national and CCRSU meeting, in particular, significant agreements were reached on the following issues: structural smart working (monthly model of 10 days/month for clerical staff and weekly model of 1 day/week for technicians), starting for work from home and out-of-office service for operating staff, employment, final calculation of the Results Bonus for 2021 and setting productivity and profitability targets for 2022, with reiteration of the agreement on the productivity of middle management, already shared in 2021.


During 2022, in Italy, a total of 109 meetings were held with Trade Unions, of which 37 were held at national/CCRSU level and 72 were held at local level (data already inclusive of the meetings – 9 in all – held in Toscana Energia). These meetings were joined by a further 6 meetings in the context of the Training IPA. Furthermore, during the last four months of 2022, Italgas participated in five meetings with trade unions in Greece.

The figure confirms the constant involvement of representatives at all levels.

At the end of 2022, the total number of Group employees in Italy was 3,677 and the total number of employees registered with a trade union was 1,563 (including Toscana Energia); therefore, the percentage of employees registered with a trade union organisation was 42.51% (including Toscana Energia). At the end of 2022, in Greece, 488 out of a total of 561 employees were members of trade unions (87%).

Legal disputes with employees and former employees of the Italgas Group in 2022 remained substantially in line with the trend of previous years, albeit with a slight decrease.

 Italy				
Employee disputes	u.m.	2020	2021	2022
Disputes started during the year	no.	35	19	20
Disputes closed during the year	no.	16	36	27
Total disputes pending as at 31/12 (employees and former employees)	no.	41	24	17

 Greece		
Employee disputes ¹¹⁹	u.m.	2022
Disputes open from September 2022	no.	2
Disputes closed from September 2022	no.	0
Total disputes pending as at 31/12 (employees and former employees)	no.	5

In Italy, a total of 20 new appeals were brought during 2022, while 27 cases were closed. At 31 December 2022, a total of 17 court cases were pending, two of which were brought by groups of workers and both related to claims for holiday pay. In Greece, 2 litigations were opened during the last 4 months of 2022, with a total of 5 litigations pending at the end of the year.

In general, legal action brought against the Group companies (Italgas, Italgas Reti, Bludigit, Medea and Toscana Energia) mainly referred to the following situations: difference between professional category and related remuneration, economic claims of various types, work-related illness, challenge of disciplinary measures inflicted, including dismissals.

Finally, it should be noted that no incidents of discrimination occurred during 2022.

Employee experience

ChangeBot

During 2022, Italgas promoted a ChangeBot, a creative challenge in collaboration with Microsoft Italy and Fondazione Mondo digitale.

ChangeBot is a Creathot (creative hackathon) involving 24 female STEM and non-STEM students organised into six teams. The teams tried their hand at designing a chatbot free of gender bias and stereotypes with the support of industry experts and managers from the companies involved in the project.

At the end of the collaboration, the groups presented their projects to the panel of judges with an elevator pitch. The winning team was offered an internship at Italgas.

119. The figures shown refer to September-December values

Digital transformation in HR processes

The development of the pandemic with its variants and the conclusion of the "emergency smart working" mode led Italgas to redefine its working methods by introducing flexible forms of work that simultaneously have contributed to improving the work life balance of employees. Being able to rely on digital solutions and ecosystems, tailored to the

employee and working patterns, has proven over the years to be a key factor in ensuring organisational resilience. In operation since 2018, the Digital Factory has continued to work in 2022, effectively adapting the Agile model to the hybrid on-site and online working method imposed by the new ways of working.

Gas Data Champion

In order to support the operational Departments in the management of data generated with the digitisation of assets, the staff of the so-called Gas Data Translators was created and trained to promoting a "data-driven" culture, increasing the ability to analyse data with a view to continuous improvement, while also providing support for innovation and sustainability projects.

Technician 2.0

With the aim of following up on the major transformation and innovation in progress in terms of the work tools and processes of our business, the need has arisen for a continuous reflection on the core activities and competences of the Group and in which Operations & Maintenance should invest and strive to continue to be a point of reference within the sector.

Employee journey

During 2022, the digital room continued in the Digital Factory with a twofold objective:

- to make the employee experience on the digital channels made available to them easy and innovative;
- to adopt best-in-class tools to identify, involve and enhance the best talents.

Among the new services developed, were:

- Knowledge transfer portal (Italshare): portal to collect and manage the technical know-how of the Group's staff;
- Learning portal (MyLearning): the Company's Learning Management System has been redesigned;
- Performance management portal (I-Grid): system for managing performance, digital peer feedback and feedback;
- Administrative back-office processes portal (HR4U): employee portal to handle requests made to HR and optimise the administrative back-office processes;
- People analytics dashboard: dashboards integrated into the HR management system that enable real-time monitoring of staff data as well as forecasting algorithms developed in the people field.

Welfare

The Welfare Plan, dedicated to all Group employees, stems precisely from the initiatives taken in a bid to **improve the quality of life of its people**, helping them strike a fair balance between their personal and working lives, creating a lively, active community.

The Welfare Programme is structured into a series of services and initiatives designed to meet the different needs and demands of the population in terms of family management, income support, health and physical well-being, free time and dealing with the day-to-day issues as they arise. The services are available for use by all employees in Italy on permanent contracts, including part-time workers.

In April 2022, in continuity with previous years, a survey was given out to all Group employees (in both Italy and Greece), aimed at analysing needs and requirements, with the goal of outlining an increasingly cutting-edge, comprehensive and inclusive Welfare Plan in which nearly 1,400 colleagues participated and contributed.

On the basis of the main evidence that emerged, **new initiatives** have been identified, which started being implemented in 2022, including but not limited to:

- **IG Awards, IG Out of Office, IG I-Care**: programmes aimed at spreading the culture of kindness, outdoor workouts and free check-ups at the Group's main sites.
- **Mindfulness course and informative webinars to raise awareness** on specific topics (psychophysical well-being, mental health, nutrition)
- **Fuel Bonus**: the possibility of spending the welfare credit - resulting from the conversion of the bonus - in fuel vouchers was introduced within the limits set by the 2022 Energy Decree.
- **New Smart Working agreement**: the new Smart Working (or SW) model was defined, introducing positive changes in terms of the well-being of the Group's people, the quality of our performance and the value of our relationships. As a sign of the Group's commitment to responding to the specific needs of all colleagues, the possibility was introduced of requesting up to 40 additional days per year - which can be taken on a continuous or staggered basis - for those experiencing particularly challenging family and personal conditions: pregnancy, parenthood,

adoption or fostering, delicate subjects, returning after a period of illness, gender-based violence, caring for children with learning disorders or for relatives suffering from serious or long-term illnesses.

In addition to the new services introduced during the year, the **Welfare Plan continued in line** with previous years, offering income and leisure support services (e.g. microcredit, dedicated agreements, supplementary pension), family support services (e.g. reimbursement of nursery schools, summer camps, agreements with assistance for caregivers), health and well-being support services (e.g. LILT cancer prevention protocol, anti-flu campaign), mobility support services and the flexible benefit plan for conversion of the Participation Bonus.

Welfare Days were also organised, days organised at the Group's main sites and webinars open to all employees, dedicated to explaining the current welfare programme, an opportunity for obtaining answers to requests for clarification and dedicated analyses. The initiatives put in place during 2022 have generated strong support, involvement and enthusiasm from all the Group's people: more than 3,500 employees registered on the portal as at 31.12.2022 and over 9,000 requests for services were made by users (+35% compared to 2021).

In 2022, the number of active users (corporate population that has used at least one service) is 68% of the total corporate population, a 3% increase compared to 2021.

Italy										
Standard GRI 401-3	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Parental leave*										
Total open positions	no.	225	53	278	229	73	302	212	60	272
Positions opened during the year	no.	17	15	32	41	21	62	15	10	25
Positions closed during the year	no.	208	38	246	188	52	240	197	50	247
for return	no.	202	36	238	179	49	228	175	44	219
for contract end	no.	6	2	8	9	3	12	22	6	28


* The data for parental leave refer to Italian Law 53/2000.

Top Employer

In January 2023, the Italgas Group is among the companies certified Top Employers Italy 2023. Top Employers certification is the official recognition of the company's excellences in **HR strategies and policies** and their implementation to help ensure the well-being of people, improve the workplace and the world of work. It is issued to companies that achieve and satisfy the high standards demanded by the **HR Best Practices Survey**, covering **6 HR macro-areas**, which examines and analyses 20 different topics in-depth and the respective best practices, including People Strategy, Work Environment, Talent Acquisition, Learning, Well-being, Diversity & Inclusion and many others.


Climate survey


With a view to listening and engaging its people, and in continuity with previous years, during 2022 Italgas carried out the climate survey "La tua voce conta" (Your voice matters), dedicated to all Group employees (in Italy and Greece), who were thus able to express their opinion on various themed areas: listening, training, workload, inclusion and diversity, remuneration and recognition, performance, innovation, health and safety and much more besides. The survey recorded an 86% participation rate, in line with last year's participation and higher than the reference benchmark.

 Greece				
Standard GRI 401-3 Parental leave	u.m.	2022		
		Men	Women	Total
Total open positions	no.	0	3	3
Positions opened during the year	no.	0	3	3
Positions closed during the year	no.	4	0	4
for return	no.	4	0	4
for contract end	no.	0	0	0

Diversity

In 2022, the presence of women in companies also improved significantly in terms of women in positions of responsibility¹¹⁷. In particular, in Italy 24.7% of Group managers are women, a clear rise on the previous year (22% in 2021), whilst in all, a total of 17.8% of the company workforce are women (16.4% in 2021), also taking into account the traditional male presence in the technical operative areas of the company. In Greece, the aforesaid percentages were 25.9% and 32.4% respectively.

 Italy				
% women of all employees, by professional category ¹¹⁸	u.m.	2020	2021	2022
Executives	%	13.8	17.2	19.7
Managers	%	17.2	19.7	22.6
Office Workers	%	24.4	26.0	27.1
Field Workers	%	0.3	0.4	0.7
Total	%	15.1	16.4	17.8

 Greece		
% women of all employees, by professional category	u.m.	2022
Executives	%	12.5
Managers	%	29.2
Office Workers	%	47.9
Field Workers	%	0.7
Total	%	32.44

117. "Head of operating unit" position.


118. Positions of responsibility are included in the categories of "Manager" and "Office worker".


 Italy			
Diversity Indicators - Italy	2021	2022	Notes
% women of total workforce	16.4	17.8	% total workforce
% women in positions of responsibility	22.2	24.7	% of all positions of responsibility
% women in junior positions of responsibility	23.1	25.7	% of all positions of junior responsibility (first level)
% women in top management positions	17.2	19.7	% of all top management positions (two levels from CEO)
% women in positions of responsibility in revenue-generating departments	18.0	20.8	% of this type of position
% women in STEM positions	35.8	35.9	% of this type of position

 Greece		
Diversity Indicators - Greece	2022	Notes
% women of total workforce	32.4	% total workforce
% of all positions of responsibility	25.9	% of all positions of responsibility
% women in junior positions of responsibility	29.2	% of all positions of junior responsibility (first level)
% women in top management positions	12.5	% of all top management positions (two levels from CEO)
% women in positions of responsibility in revenue-generating departments	25.1	% of this type of position
% women in STEM positions	29.4	% of this type of position

Breakdown of the workforce by nationality ¹²⁰		
2020 - Nationality	% of total workforce	% managerial positions
Italian	99.2	99.7
Greek	0.0	0.0
Swiss	0.2	0.0
Other nationalities	0.6	0.3
2021 - Nationality	% of total workforce	% managerial positions
Italian	99.2	99.7
Greek	0.0	0.0
Swiss	0.2	0.0
Other nationalities	0.6	0.3
2022 - Nationality	% of total workforce	% managerial positions
Italian	86.0	82.1
Greek	13.1	17.6
Swiss	0.2	0.7
Other nationalities	0.7	0.3

120. The figures also consider the employee breakdown of the Greek companies as of 2022, the year they were acquired.

 Italy										
Standard GRI 405-1		2020			2021			2022		
Diversity amongst employees (headcount)	u.m.	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	no.	50	8	58	53	11	64	49	12	61
under 30 years	no.	0	0	0	0	0	0	0	0	0
between 30 and 50 years	no.	16	6	22	23	8	31	24	7	31
over 50 years	no.	34	2	36	30	3	33	25	5	30
Managers	no.	250	52	302	248	61	309	240	70	310
under 30 years	no.	1	0	1	0	0	0	0	0	0
between 30 and 50 years	no.	73	23	96	87	33	120	89	42	131
over 50 years	no.	176	29	205	161	28	189	151	28	179
Office Workers	no.	1,659	536	2,195	1,599	563	2,162	1,514	563	2,077
under 30 years	no.	153	76	229	147	80	227	184	83	267
between 30 and 50 years	no.	355	171	526	386	194	580	458	223	681
over 50 years	no.	1,151	289	1,440	1,066	289	1,355	872	257	1,129
Field workers	no.	1,426	4	1,430	1,364	5	1,369	1,221	8	1,229
under 30 years	no.	195	2	197	216	3	219	249	5	254
between 30 and 50 years	no.	247	1	248	238	0	238	217	1	218
over 50 years	no.	984	1	985	910	2	912	755	2	757
Total	no.	3,385	600	3,985	3,264	640	3,904	3,024	653	3,677

 Greece				
Standard GRI 405-1		2022		
Diversity amongst employees (headcount)	u.m.	Men	Women	Total
Executives	no.	14	2	16
under 30 years	no.	0	0	0
between 30 and 50 years	no.	6	0	6
over 50 years	no.	8	2	10
Managers	no.	46	19	65
under 30 years	no.	0	0	0
between 30 and 50 years	no.	20	11	31
over 50 years	no.	26	8	34
Office Workers	no.	175	160	335
under 30 years	no.	4	7	11
between 30 and 50 years	no.	114	126	240
over 50 years	no.	57	27	84
Field workers	no.	144	1	145
under 30 years	no.	1	0	1
between 30 and 50 years	no.	116	1	117
over 50 years	no.	27	0	27
Total	no.	379	182	561

The 2022 activities were based on an engagement approach and on co-constructing courses alongside all Group people. Therefore, starting in February 2022 a community of 42 D&I Ambassadors was created to implement numerous activities with the aim of developing and including all types of diversity. The Ambassadors are divided into five working groups, which prepare proposals based on three main working streams: Age & Culture (territorial, background and generational differences), Gender and Disability.

The following events were held with a view to Ambassador growth:

- Meeting with a famous Paralympic athlete, who shared some crucial considerations with the group on her personal and professional journey;
- Discussion about gender equality in the world of work and sport: several colleagues met with an Italian ski champion, who shared her development as a top-level athlete and as a woman;
- Volunteering with an international no-profit organisation committed to ending world hunger.

Initiatives implemented on the proposal of the D&I Ambassadors include:

- Adoption of fonts suitable for visually impaired people when using Outlook.
- Two surveys, in December 2022, the first on people development within their cultural and generational diversity (more than 1700 participants) and the second, for managers, dedicated to the topic of disability (120 participants);
- Welnspire Project.


The first edition of Welnspire kicked off in 2022, the Group's Mentoring and Reverse Mentoring course, aimed at fostering the development and growth of people, in a logic of exchange between different experiences. The Welnspire course involved 15 pairs of Mentors and Mentees, made up of people belonging to different situations at organisational level (different Companies, Departments, etc.).


The following collaborations also continued:

- Valore D, with Italgas as Supporting Partner – the leading association of businesses in Italy which, for over 10 years, has been promoting gender balance and an inclusive culture within our country. The association offers the possibility, grasped by Italgas, to have manager colleagues participate in intercompany mentorship programmes, strategic skills development courses for exercising inclusive leadership and programmes for female executives (C-Level course).
- STEM By Women, an association of businesses, organisations and people that promotes and encourages women's careers and studies in the STEM (Science, Technology, Engineering and Mathematics) area. In 2022, Italgas sponsored a new Master's degree developed by the association, in collaboration with the Turin Polytechnic, to create a new professional figure with a humanities university education and specialisation in Artificial Intelligence.

In addition, the Group participated in the new edition of "Grow Data Girls", a project that aims to promote, support and improve the personal and professional growth of the female students at the LUISS Business School, paying particularly close attention to inclusion in the world of work and promotion of the professional career.


Lastly, it should be noted that in the second half of 2022, preparatory work for Gender Certification according to the new UNI/PdR 125:2022 standard was started for the first Group company, Italgas S.p.A.


 Italy				
GRI 405-2 - Ratio of basic salary and remuneration of women to men				
Ratio of remuneration ¹²¹	u.m.	2020	2021	2022
Executives	%	80.5	88.6	94.6
Managers	%	91.2	91.3	93.6
Office Workers	%	91.3	92.5	92.0
Field Workers	%	74.0	71.1	67.0
Ratio of basic salary ¹²²	u.m.	2020	2021	2022
Executives	%	91.6	96.1	110.4
Managers	%	93.8	95.6	96.4
Office Workers	%	97.2	97.7	98.4
Field Workers	%	75.7	73.6	73.3


 Greece		
Ratio of remuneration	u.m.	2022
Executives	%	117.7
Managers	%	96
Office Workers	%	93.2
Field Workers	%	101.5
Ratio of basic salary	u.m.	2022
Executives	%	119
Managers	%	88.3
Office Workers	%	95.6
Field Workers	%	83.4


121. Ratio of the average fixed + variable remuneration and the total amount paid to employees between women and men.

122. Ratio of average fixed remuneration between women and men

 Italy										
Employees belonging to protected categories	u.m.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees belonging to protected categories	no.	148	32	180	145	34	179	125	33	158

 Greece				
Employees belonging to protected categories	u.m.	2022		
		Men	Women	Total
Employees belonging to protected categories	no.	0	0	0

 Italy				
% employees pertaining to protected categories out of total employees	u.m.	2020	2021	2022
Employees belonging to protected categories	%	4.5	4.6	4.3

 Greece		
% employees pertaining to protected categories out of total employees	u.m.	2022
Employees belonging to protected categories	%	0

Accessibility of the applications developed

In 2022, the focus was kept on the degree of accessibility of the applications developed by Italgas, considering all phases of the process.

DeSI is a shared tool for creating usable, accessible and brand-consistent digital interfaces.

In compliance with the Stanca Act, Law no. 4. of 9 January 2004, containing provisions to facilitate access to digital tools for people with disabilities, Italgas issued its Declaration of Accessibility, in November 2022, in which it declared its state of compliance with the Act on its institutional website, FAQ Help Online portal, MyItalgas Customer Portal and Carriere.it Portal:

- Italgas website: <https://www.italgas.it/accessibilita/>
- HelpOnline website: <https://www.italgas.it/accessibilita-help-online/>
- MyItalgas Customer website: <https://faq.italgas.it/s/>
- Carriere.it: https://carriere.italgas.it/content/Accessibilita/?locale=it_IT

The Italgas Group has made feedback mechanisms available for users to use to notify cases of non-compliance and to request information and content that falls outside the scope of the Directive. For this purpose, any reports can be sent by mail to accessibilita@italgas.it.

Respect for human rights

The Italgas' Code of Ethics, the Supplier Code of Ethics and the Human Rights Policy outline the reference principles and actions taken to protect human rights in the performance of the Group's activities and, in general, in any context in which Italgas people and business partners operate. These principles are in line with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and Core Conventions of the ILO – International Labour Organisation. The Policy for the Prevention of Discrimination and Protection of the Dignity of Group Personnel and the Diversity and Inclusion Policy reinforce the Group's commitments to the protection of Human Rights.

Specifically, Italgas' policies include the Group's commitment to combating the phenomena of forced or child labour, human trafficking and discrimination, as well as a commitment to pursuing workers' rights, including the right to freedom of association, collective bargaining and fair remuneration.

Italgas and its investee companies have adopted Organisation, Management and Control Models (Models 231), aimed at preventing the perpetration of offences, as well as Internal Control and Risk Management systems that guarantee compliance with minimum safeguards. In this context, the Italgas Group has developed a due diligence process to identify and assess potential human rights impacts and risks. The process provides for the identification of such risks within the Group's operations and business relationships.

The risk assessment activity includes:

- the as-is analysis for the identification of processes and activities most at risk;
- the self-assessment relating to the aforementioned risks and the control system;
- the identification and improvement plan in relation to any risks identified.

All suppliers are also required to guarantee respect for human and labour rights through the acceptance of Group policies, including those concerning, for example, human rights, health and safety, and environmental protection.



6.3 Italgas for a sustainable future together



SDG



GRI

2-28, 201, 204, 308, 414, 415.

Italgas adopts a Partnership for the Goal (SDG 17) approach, promoting continuous research into innovative solutions for the energy transition and, in general, a culture of innovation both inside and outside the Group. Good practices are disseminated throughout the supply chain to ensure that sustainability principles are respected. Caring for the local environment, supporting employment and the local economy, and developing and supporting projects that reflect the Group’s identity and values are a fundamental part of Italgas’ commitment to the territories in which it operates.



Italgas is a citizen of the territories in which it operates. We feel a responsibility to contribute to the economic, cultural, social and innovation growth of the communities



Listen to the interview





Specific material topics

- Sustainable supply chain management
- Dialogue and value creation in the local area
- Respect for human rights

Transversal material topics

- Compliance, transparency and anti-corruption
- Responsible governance and risk management
- Economic value generation and ESG finance

Medium-to-long-term impacts of our activities

<ul style="list-style-type: none"> - Enhanced resilience of the supply chain through the dissemination of the best Sustainability practices - Generation of shared value for the stakeholders in the territory - Digitalisation, innovation, efficiency, safety and Sustainability of the gas distribution infrastructure - Promotion of innovation in the service of energy transition 	 <p>Relationship capital</p>
<ul style="list-style-type: none"> - Enhanced resilience of the supply chain through the dissemination of the best Sustainability practices - Generation of shared value for the stakeholders in the territory 	 <p>Financial capital</p>
<ul style="list-style-type: none"> - Digitalisation, innovation, efficiency, safety and Sustainability of the gas distribution infrastructure - Promotion of innovation in the service of energy transition 	 <p>Manufactured capital</p>
<ul style="list-style-type: none"> - Digitalisation, innovation, efficiency, safety and Sustainability of the gas distribution infrastructure - Promotion of innovation in the service of energy transition 	 <p>Intellectual capital</p>



We promote innovation and dialogue through partnerships

Actions	Target	2022 Performance
Promoting the culture of innovation	<ul style="list-style-type: none"> – 3,000 innovative MSEs and start-ups evaluated for collaboration by 2028, also through advisors, incubators and university scouting in Europe, USA and Asia 	<p>286</p> <hr/> <p>Innovative SMEs and start-ups evaluated for collaboration projects</p>
Developing innovative solutions that will promote the energy transition	<ul style="list-style-type: none"> – 45 solutions to support the energy transition adopted or developed with innovative start-ups or MSEs by 2028 – 75% of the digital projects realised for the Group and the market having a major impact on Sustainability in 2028 – Transformation of the measurement laboratory into a centre of excellence in the search for applications that can promote the energy transition by 2024 	<p>14 solutions</p> <hr/> <p>energy transition support adopted or developed with innovative start-ups or SMEs</p> <p>70%</p> <hr/> <p>digital projects, created for the Group and the market, with a high impact on Sustainability</p> <p>The mission, activities and organisation of the new laboratories are currently being reviewed with the aim of becoming a centre of competence and innovation on natural gas distribution and new renewable gases to facilitate the energy transition.</p>
Contributing to the debate on the role of gas in the energy transition	<ul style="list-style-type: none"> – Active participation in national and international associations for gas advocacy and the energy transition 	<p>Specific contribution to the work of the Eurogas Strategic Committee and DIST Committee and the GD4S Executive Committee. Through participation in Italy in the work of the Distribution Committee and Proxigas Working Groups, addressing, among others, the following topics:</p> <ul style="list-style-type: none"> - Gas distribution networks supporting the development of biomethane and green hydrogen - Commitment of the distribution sector to the containment and monitoring of methane emissions - Digitisation and innovation as preconditions for the energy transition of the gas system



We encourage the adoption of Sustainability principles in the supply chain

Actions	Target ¹²³	2022 Performance
Disseminating the culture of Sustainability along the supply chain	<ul style="list-style-type: none"> 100% of the suppliers posing high Sustainability risks¹²⁴ involved and trained in ESG issues by 2024 	<p>40% about</p> <hr/> <p>strategic suppliers for sustainability involved and trained on ESG topics</p>
Integrating Sustainability criteria in supplier qualification, evaluation and selection processes	<ul style="list-style-type: none"> 100% of the suppliers posing high Sustainability risks subject to ESG audits (including respect for human rights)) by 2028 Introduction of additional Sustainability criteria rewarding the suppliers at the tendering stage by 2023 	<p>1 audit</p> <hr/> <p>carried out in 2022, the others are planned for 2023</p> <p>2 new criteria</p> <hr/> <p>introduced in 2022</p>



We take care of the territory

Actions	Target	2022 Performance
Supporting employment levels and the economy of the municipalities where we operate	<ul style="list-style-type: none"> +40% network works suppliers in the territory selected from among the MSEs by 2028 (base 2022) Consolidating a growth path for SME suppliers through training, joint technological development, access to new geographical areas by 2023 	<p>+12.5%</p> <hr/> <p>network providers of work in the local area selected from SMEs</p> <p>Guidelines have been drawn up for the start of the project.</p>
Developing projects associated with the identity and business model of the Group that can valorise the territories	<ul style="list-style-type: none"> 60% of the mayors of municipalities with service contracts or concessions met annually, for: monitoring commitments made, network extension requests, payment of fees and presentation of new initiatives and technologies Definition of an evaluation model for the impacts of company activities by 2024 	<p>62%</p> <hr/> <p>of Mayors of Municipalities with service contracts or concessions met</p> <p>Recognition of available impact assessment models underway</p>

123. The targets refer to the scope of Group companies consolidated on a line-by-line basis as at 2021, thus not including any changes as a result of ATEM tenders, M&A transactions and DEPA Infrastructure.

124. Suppliers of strategic importance to the core business of the Group at risk of non-compliance with their contractual obligations concerning Sustainability-related issues

6.3.1 Promoting dialogue through partnerships

Italgas invests in the territories in which it operates, promoting continuous dialogue and social, cultural and environmental interventions. In pursuing these interventions, Italgas interfaces with its interlocutors to guarantee transparency, correctness and impartiality, confirming its commitment to the values of collaboration and attention to people and the environment.

Collaboration with industry associations

As the top Italy operator in the distribution of gas and the third most important in Europe, the Italgas Group plays an active part in the work of the Italy and international industry associations, confirming its commitment towards the protection, optimisation and development of the segment in which it operates.

In addition, Italgas takes part in the work of the associations through the oversight of corporate bodies and the participation in working groups or formal or informal parties established by these associations, which discuss and define the organisation's position on operative and policy matters, including those related to energy transition¹²⁵.

Some of the most important associations in which Italgas takes part, on a national level, include:

- Proxigas – formerly known as ANIGAS. This industry Association, a member of Confindustria, represents firms operating along the entire natural gas supply chain with a particular focus on the following sectors: distribution, transportation, sale of natural gas on the end market and wholesale market, trading and methane for motor vehicle use. The association aims to support the role of natural gas and LNG as an energy source with lower environmental impact compared to other fossil sources, particularly as a fuel for mobility, as well as the gradual development of renewable gas. The participation in Proxigas also grants access to the CIG - Italy Gas Committee - a regulatory entity federated with the UNI, competent to define technical and safety standards in relation to gas infrastructures and gas-powered equipment.
- Assonime - association of Italy joint stock companies, particularly those listed on the stock exchange. It studies and handles problems that directly or indirectly concern the interests and development of the Italy economy, focussing specifically on themes of corporate governance, corporate finance and legal tax matters.

Internationally, Italgas takes part in:

- GD4S¹²⁶ - Organisation representing the voices of the largest natural gas and renewable gas distributors in Europe. The entity is a non-profit association under Belgian law that unites the major operators in the natural gas distribution sector in 8 European Member States: France, Greece, Ireland, Italy, the Netherlands, Portugal, Romania and Spain. The association's mission is to represent the views of the gas distribution sector at European institutions, specifically concerning the role that such infrastructures can play in the energy transition process towards a low carbon economy. In particular, the association supports gas and LNG as fuels for the transport sector, biomethane development, the study and implementation of Power to Gas technologies for the production of "green" hydrogen and its use as energy carrier able to carry and store renewable energy, taking advantage of the existing infrastructure now used for natural gas. In 2022, GD4S worked intensely on defining a Sustainable Charter to give shape to a collective approach to sustainability for all association members. In short, the Charter sets out nine shared commitments - in line with the United Nations SDGs - to achieve shared objectives on the three dimensions of sustainability: Environmental, Social and Governance. The Sustainable Charter was formally unveiled during a dedicated event held on 15 March 2022.
- Eurogas¹²⁷ - Eurogas is an association of 69 companies and associations belonging to the gas wholesale and retail market and the natural gas, biomethane and hydrogen distribution sector. The entity also works with companies active on gases for vehicles, and on value-chain methane emissions management. Eurogas supports the transition to carbon neutrality through dialogue and advocacy about optimising the use of gases. The association is very active on the issues of security of supply, energy transition and more generally on the definition of a market design that ensures the proper operation of the market, with a view also to the development of renewable gases such as biomethane and hydrogen. Eurogas is also especially

125. Italgas' participation as an active member in these organisations allows the Group to monitor and help define the positions taken and guarantee an alignment with the Group's commitments and strategy on such topics, including those that impact the capacity to achieve the objectives set forth in the Paris Agreements.

126. <https://gd4s.eu/>

127. <https://www.eurogas.org>

committed to the implementation of the just transition, with specific regard to the role of workers and labour skills needed to support the transition to an energy system consistent with the climate objectives identified by the European Union and the Paris Agreement. Italgas actively participates in working groups and task forces set up within the association, in particular on the DIST Committee, which deals with issues related to the world of gas distribution, and on the Gas Advocacy Group, which organises and manages communication and events aimed at disseminating the association's viewpoints. Italgas also has its own representatives on the Steering Committee and on the Eurogas Board. In the course of 2022, Eurogas contributed in various ways, through targeted meetings with European Commission officials, the signing of joint statements with other organisations, the preparation and dissemination of position papers and direct meetings with members of the European Parliament, to the process of shaping various legislative projects, such as the Gas Package, the Methane Emissions Regulation, the EPBD and others, all with the aim of fostering the development of renewable gases by highlighting the contribution of the distribution sector.

The main topics covered in 2022 in the working groups of the associations indicated above were:

- the security of energy supplies in relation to the Ukrainian crisis;
- energy transition and the role of infrastructure in the decarbonisation process;
- the development of biomethane and hydrogen as essential elements of the energy transition and part of the REPowerEU plan to limit European energy dependence on third countries;
- the control and reduction of methane emissions (Methane Regulation);
- the definition of the market structure and related regulatory aspects in view of the development of renewable gases and hydrogen (the "Gas Package").

All these topics have been discussed both through participation in formal consultations by supranational bodies and through the preparation and giving out of position papers on the main policy topics, as well as, finally, meetings with national and European institutional stakeholders as well as through participation in seminars, congresses and webinars.



United Nations Global Compact

Italgas is a member of the Global Compact, the initiative created over 20 years ago by the then United Nations Secretary-General Kofi Annan, to promote a sustainable global economy which encourages companies to adopt strategies consistent with development increasingly geared towards social and corporate responsibility. The Global Compact encourages companies all over the world to create a network for sustainable development. To do this, it requires participating companies and organisations to act in accordance with the 10 universal principles of the Global Compact, which refer to human rights and labour, environmental protection and the fight against bribery.



Oil and gas methane partnership initiative - OGMP 2.0

During 2022, Italgas continued its commitment to the Oil and Gas Methane Partnership Initiative (OGMP 2.0), the voluntary initiative aimed at helping companies reduce methane emissions in the Oil&Gas sector created by the Climate and Clean Air Coalition (CCAC) and the United Nations Environmental Programme (UNEP), which was first launched in 2014 during the United Nations (UN) Secretary General's Climate Summit.

It aims to push member companies to adopt increasingly effective and incisive methodologies for controlling, measuring and reducing emissions. To this end, the OGMP requires participating companies to establish increasingly accurate corporate protocols that will lead, in five years, to a 45% reduction in emissions by 2025, taking 2015 values as a basis, in line with the climate change emission reduction targets set by the COP21 conference in Paris. Participating companies are required to report emissions data with an increasing degree of accuracy on five different levels, starting with the overall data on plants managed, calculated based on standard emission factors, right up to, at the end of the final year, accurate information measured at site-level, for each specific

type of plant and material used by the company when carrying out its operations. This important effort is aligned with the continuous improvement objectives that Italgas has undertaken in recent years, as evidenced by the recognition for the second consecutive year of the OGMP "gold standard", an award granted to member companies on the basis of their actual progress towards their stated reduction targets.

Also in 2022, Italgas reported the required information, confirming a reduction of methane emissions deriving from the management of its business, measured in absolute value, of 83% by 2025 as compared with 2015. The IMEO (International Methane Emissions Observatory) publication "An Eye on Methane International Methane Emissions Observatory 2022 Report" states that Italgas has been awarded the Gold Standard, with data quality deemed "excellent" for operated assets and about 50% of non-operated assets (it was deemed "very good" for the remaining 5%). The report also acknowledges Italgas' commitment to promoting this initiative to other companies in the sector and its experience in making reliable measurements at both the local and site levels.

Ready4H₂

Italgas joined "Ready4H₂" (Ready for Hydrogen) in 2021, an international initiative that now brings together the experience and expertise of more than 90 DSOs from 13 European countries to promote consumer access to hydrogen through distribution networks, while also encouraging new producers to enter the market.

The project aims to pool the respective competences and establish how, starting from hydrogen ready gas distribution networks, a solid European hydrogen market can be constructed. With this initiative, distributors want to make sure that their specific competences, and those developed through collaboration with all the other players in the hydrogen chain, are made available to European and national decision-makers as part of the process for defining public policies in support of a hydrogen economy.

"Ready4Hydrogen" is open to all organisations and companies that wish to join and produced three specific studies in early 2022:

- The know-how of DSOs regarding hydrogen. A collection of experience and knowledge that European DSOs have accrued during projects and in developing hydrogen infrastructures.
- The contribution made by DSOs to the hydrogen value chain. By using the data from the first study, an analysis is performed of how European distribution operators can help develop hydrogen. The experience and knowledge of the DSOs have been examined and transformed into value proposals to boost the hydrogen chain. In addition, the role to be played by each DSO in its country and its contribution towards strategic territorial planning, is assessed. Another point of interest is the role played by the distributor over the years within the gas market, and how the experience and skills accrued can be used in hydrogen.
- A roadmap to transform the DSOs into the main players of hydrogen distribution in Europe. A roadmap setting out concrete initiatives relating to how the DSOs, on a European and national level, can act as a go-between for hydrogen producers and consumers. The study aims to identify the opportunities, as well as the obstacles, to the route of DSOs in becoming lead players in hydrogen distribution.

The second phase of the project was launched in 2022, which aims to compare the national hydrogen strategies developed by different countries, to propose benchmarks that can be used as a reference and inspiration by less advanced countries, as well as to analyse in more detail and identify possible solutions to the technical bottlenecks limiting market development, both on the supply and demand side. The second phase is completed by a compilation of all ongoing projects and initiatives at the distribution network level, which can serve as a platform to identify supplementary solutions to those already in use by certain operators and to draw together the results of experiences gained in other operational contexts.

Other collaborations

Italgas actively collaborates with various other contexts:

Confindustria - Italy's most important organisation representing entrepreneurs, grouping more than 153,000 manufacturing and service companies, with a total of more than 5 million employees. The association aims to support the role of business as an engine for the economic, social and civil growth of the country. In this perspective, it defines common paths and – while respecting the areas of autonomy and influence – shares objectives and initiatives with the world of economics and finance, national, European and international institutions, PA, social partners, culture and research, science and technology, politics, information and civil society.

CISPEL Toscana - A representative business organisation that exclusively groups together public service companies that operate in the Tuscan region and that manage services of economic importance such as water services, environmental hygiene, gas, public road transport and other services such as municipal pharmacies, public housing, culture, institutes for personal assistance, health and hospital establishments. Cispel represents its interests in terms of institutional and social relations as well as in terms of promoting its development and growth.

Anie - Association, of which Geoside, the Group's ESCo, is a member, which constitutes the national federation of Electrotechnical and Electronic companies adhering to Confindustria. It protects and represents the requests of associate members through intense institutional relations and ensures technological and regulatory oversight, promoting initiatives aiming to standardise products and systems developed by the associated businesses.

FSR – Florence School of Regulation - Independent advanced training and research institute on international regulation and policies in the electrical, water and gas sectors, sponsored by the European Commission. Each year, it presents a vast programme of courses, seminars and workshops. It provides the European Commission with opinions and expertise in view of the adoption of legislative and regulatory proposals. In joining the "supporters" of the FSR, Italgas gained the opportunity of taking part in the formation network and research initiatives, cooperating with the organisation of events and making its own contribution to the debate of a complex matter. In addition, by taking part in the FSR Energy area Policy Advisory Council, Italgas has the chance to promote its vision of energy policy topics, the challenges that development prospects in the industry raise, also in terms of the evolution of regulation and training projects offered by the FSR to regulators and managers.

IGI - A study centre, founded and participated in by the major public works constructors, with the aim of investigating issues relating to the award and management of public contracts, drawing up studies and providing contributions to public decision-makers to

facilitate the design, construction and management of major infrastructures.

CNA - Association of entrepreneurial representation focused on small and medium-sized enterprises and artisan companies. It provides services, customised advice and information on how to promote the success of this category of companies, mainly operating in manufacturing, construction, services, transport, trade and tourism.

AMICI della LUISS (Friends of LUISS) - An association that aims to support the development and transformation of the original "Por Deo" University into the modern Luiss project for university and post-graduate education. The project is based on managerial and entrepreneurial culture, in particular the pooling together of resources to both facilitate the entry into the University of students with high potential but that lack financial means, and to enable the best Luiss graduates to devote themselves to scientific research (through PhDs) in order to enter teaching or advanced professions.

MIP – Polytechnic University of Milan Graduate School of Business, University training institute in technical and managerial matters, potential basin of competences also to draw on to identify possible high-potential candidates. It offers a particularly extensive curriculum of studies, apart from training and masters programmes customised for the needs of the institutions and Public Administration, and enjoys a particularly good international reputation. The direct collaboration with the MIP and the network of associated businesses allows Italgas to promote and develop, with projects focused on business needs, specific initiatives in management, digital transformation and continuous improvement.

Valore D - Organisation founded to support the appreciation of the role of the woman in the workplace and equal treatment of the genders, as an element by which to foster growth of businesses and the country system. It supplies studies, consultancy, examples of business best practices and social innovation and networking services. Italgas has adhered to the Valore D Manifesto for Women's Employment, a document created in 2017 under the guidance of G7 Italy, the aim of which is to define precise tools to promote concrete actions to optimise and include diversity in all business processes.

CCE - International think tank operative in various sectors, including energy. An open door on the thoughts of European peers and senior functionaries of state administrations and the European Commission.

Foundation for Digital Sustainability - The first recognised research foundation in Italy dedicated to investigating issues of digital sustainability, consisting of independent experts, institutions, companies and universities whose representatives are members of the steering and scientific committees. Their purpose is to pursue the statutory objectives by defining the Foundation's programme of activities and providing the necessary resources for their realisation.

Below is a summary of the expenses incurred in 2022 for joining trade associations. In order to guarantee the possibility of comparison, data for previous years has also been reported. As of 2022, the values of the company Toscana Energia are also included

GRI 2-28 Membership of associations

GRI 415-1 Political contributions

Membership fees and for representation of interests - Italy	u.m.	2020	2021	2022
Representation of interests through third parties	€	77,990	92,990	111,094
Support to political parties or candidates on a local, regional or national level	€	0	0	0
Confindustria and industry associations ¹²⁸	€	415,688	421,946	519,397
Academic and think tanks	€	73,200	101,700	172,600
Technical associations	€	47,085	49,599	45,913
Total	€	613,963	664,635	849,004
Data coverage (percentage coverage with respect to Italian business scope)		100%	100%	100%
of which				
Contributions to industrial and trade associations	Corporate position			
Proxigas (formerly ANIGAS) ¹²⁹	Support	€ 353,420	362,529	420,000
Confindustria	Support	€ 59,768	59,267	69,247
CISPTEL	Support	€ 0	0	30,000
CNA		€ 0	150	150
Anie	Support	€ 2,500	0	0
Other significant expenses ¹³⁰	Type			
Eurogas	Representation of interests	€ 0	0	50,000
GD4S	Representation of interests	€ 53,000	53,000	35,900
FSR – Florence School of Regulation	Academic	€ 0	35,000	35,000
IGI	Think Tank	€ 0	0	30,000
Assonime	Representation of interests	€ 24,990	24,990	24,990
MIP - Politecnico di Milano Graduate School of Business	Academic	€ 20,000	20,000	20,000
Foundation for Digital Sustainability	Think Tank	€ 0	0	20,000
Friends of LUISS	Think Tank	€ 0	0	20,000
Valore D	Think Tank	€ 15,000	15,000	15,000
CCE	Representation of interests	€ 0	0	0

128. Confindustria 2020 and 2021 data restated following the UI Rome agreement

129. Proxigas 2021 data revised because the association is calculating the final values after the publication of the Financial Statements.

130. Details of expenses for membership fees for all associations not belonging to the cluster "Confindustria and trade associations" equal to or exceeding € 15 thousand.

Membership fees and for representation of interests - Greece ¹³¹		u.m.	2022
Representation of interests through third parties		€	11,025
Support to political parties or candidates on a local, regional or national level		€	0
Confindustria and trade associations		€	1,201
Academic and think tanks		€	4,667
Technical associations		€	0
Total		€	16,903
Data coverage (percentage coverage with respect to Greek business scope)			100%
of which			
Contributions to industrial and trade associations	Corporate position		
SBE - Federation of industries of Greece	Support	€	501
SBTHSE - Association of industries of Thessalia and Central Greece	Support	€	200
STHEB - Association of Thessalian business and industries	Support	€	167
HABIO - Hellenic association of biomass producers	Support	€	167
Hellenic Italian Chamber of Commerce	Support	€	167
Other significant expenses ¹³²	Type		
GD4S	Representation of interests	€	8,750

6.3.2 Innovation partnerships

The innovation is the main driver of the Italgas development strategy. For this reason, the Group promotes an ongoing dialogue with universities, start-ups and innovative SMEs, both national and international, with the aim of pursuing technological innovation to consolidate Italgas' leadership in Italy and Europe in the gas distribution sector.

131. The figures shown refer to the pro-rata values for the Sept-Dec consolidation period of the total annual expenses

132. The details of expenses for membership fees for all associations that are not part of the cluster "Confindustria and trade associations" refer only to the association GD4S as this is the only association to which total annual contributions exceeding € 15 thousand were made (€ 8,750 pro-rata for the consolidation period Sep-Dec 2022).

Open Innovation

Over time, Italgas has stepped up its search for technologies to support the transformation and sustainability of gas distribution networks through the continuous and permanent scouting of start-ups and innovative national and international SMEs, as well as through the opening of branches in Silicon Valley and Tel Aviv, with the aim of actively presiding over two of the world's largest innovative technology hubs.

Italgas has also launched the Ideas4Italgas platform, a brand of the Open Innovation initiative, a tool to accelerate corporate innovation and strategic positioning along the international innova-

tion chain, gathering the best ideas from both outside and inside the Company and developing them in a collaborative manner. 2022 was also the year of the first internal innovation call with the aim of bringing out employees' talent and creativity, gathering proposals and solutions on various topics.

Innovation Antenna

In September 2022, Italgas opened an Innovation Antenna in Silicon Valley, as part of the “Mind the Bridge Innovation Center” in San Francisco. The initiative targets the best American start-ups with the aim of enhancing research activities and strengthening the contribution of innovation to the continuous improvement of the Group’s performance.

The collaboration with Mind the Bridge, an international company that provides innovation consultancy and support to companies and governmental organisations, aims to create ideal conditions under which Italgas can connect with the most interesting start-ups in the US, detecting emerging technology trends in specific areas of interest, further enhancing its positioning and scouting capabilities both in Silicon Valley and internationally.

Partnership with Polytechnic University of Turin

The partnership signed in July 2020 continues between Italgas and the Polytechnic University of Turin, initiated with the aim of developing joint research, innovation and training activities in support of the energy transition, sustainable mobility and the circular economy. The collaboration includes research projects on general themes – such as digital innovation, the optimisation of energy consumption, improvement of network efficiency and recovery of resources – to more specific actions. These actions will be aimed at developing innovative technologies for feeding renewable gases into existing networks, developing “Power-to-Gas” systems to recover surplus energy production. The Polytechnic and Italgas will also be working on several educational fronts, with joint projects aimed at developing university Master’s courses, courses for recent graduates, events and dissemination activities through national and international networks.

6.3.3 Promoting the principles of sustainability in the supply chain

The growing attention towards sustainability issues and the need to measure, manage and mitigate ESG (Environmental, Social and Governance) risks are driving Italgas to promote and incentivise a sustainable approach not only for the Group, but for its suppliers as well.

To become part of the Italgas supply chain, it is necessary to read and accept the **Group’s Code of Ethics**, as well as the **Supplier Code of Ethics** and the **Ethics and Integrity Agreement**. In addition, suppliers must accept all the Policies adopted by Group companies, for example: the Sustainability and Stakeholder Engagement Policy, the Corporate Citizenship Policy, the Policy for the Prevention and Combating of Corruption, the Diversity and Inclusion Policy and the Policy for the Prevention of Discrimination and Protection of Dignity.

It is also required to meet important criteria in terms of human and labour rights by accepting and signing the Human Rights Policy and the HSEQE Policy.

Suppliers involved in Italgas Group processes also play an active and important role in **Cyber Security & Data Protection** risk management. To promote and guarantee the protection of information assets and mitigate cyber risks and threats, suppliers formally undertake to respect the general principles by signing the “Cybersecurity Awareness for Third Parties” notice, while, for the proper handling of personal data, the Group guarantees the regulatory requirements and the protection of the rights of those concerned

through a specific contract that regulates reciprocal relations regarding personal data processing activities.

For Italgas, **responsible supply-chain management** is strategic to ensure the high quality of its services and contributes to safeguarding and enhancing its reputation. In 2022, Italgas' Vendor List consisted of 2,128 qualified suppliers (to which a further 159 qualified suppliers were added by the acquisition, in September 2022, of DEPA Infrastructure), an increasing trend also this year (+18%) due to the new acquisitions and the concessions of the Relaunch Decree.

In terms of economic value, in 2022 Italgas issued contracts and work orders amounting to € **1,270** million for goods, works and services for all Group companies¹³³. Contracts were mainly concluded with national suppliers (99%). Only about 13 million (1%) refer to agreements made with suppliers from other European (France and Spain) and non-European (USA) countries. The background of the Russia-Ukraine conflict has also prompted the Group to further control and monitor the supply chain, confirming that the Italgas Group has no first- or second-tier suppliers involved, nor does it have any Russian or Ukrainian suppliers.

The Italgas purchasing process

To ensure that all suppliers comply with strict standards aligned with its policies, the Group uses several tools at different stages of procurement. The obligation of suppliers of Greek companies to sign the Supplier Code of Ethics will be extended to all suppliers in the course of 2023, also following a joint review of this document.

The main stages of the purchasing process in Italgas are shown below:



133. The economic value does not include Greek contracts, which amount to approximately € 245 million, relating to goods, works and services for the three Greek companies: DEDA, EDA Thess, EDA Attikis. This value is calculated using the total annual value and taking the pro-rata value of the September-December period as a reference.

Supplier section and qualification process on the Italgas website

The sustainability of the Supply Chain is monitored from the first phases of qualification and for the full duration of the process. In order to qualify, suppliers have to pass several evaluation stages, which include, specifically:

- Preliminary analysis of the documentary and technical requirements, differentiated according to the complexity of the goods category of reference;
- Analysis of the sustainability requirements;
- Analysis of the health, safety and quality requirements;
- Analysis of the economic-financial requirements.

The Suppliers section of the website has been redefined and re-designed, and a new, state-of-the-art platform called "IT4Buy" has been adopted to manage all stages of the process with absolute transparency, traceability and completeness of information: from supplier qualification and management, including the management of tenders, contracts and sub-contracts, and stocks of materials. In a complete spirit of partnership and collaboration, suppliers have been actively involved in updating the public contents of the suppliers section of the institutional Italgas website (<https://www.italgas.it/en/suppliers/>) and in testing it, providing valuable feedback that has enabled the improvement of certain functions and the guidance of certain topics of greater interest and usefulness.

1. Supplier qualification and management

To ensure the integrity and solidity of the supply chain and to maintain the expected quality and efficiency standards, the Italgas Group uses a series of instruments, such as: supplier qualification and appraisal processes, inspections and audits and performance monitoring during the execution of contracts.

The Qualification process consists of three stages: Application, Registration and Qualification.

As early as in the Application stage, through information providers, Italgas analyses the economic-financial and sustainability data of each supplier. In the Registration, the minimum qualification and specific requirements are analysed, associated with a specific product category¹³⁴. In the Qualification, depending on the complexity of the requirements indicated, the supplier can access three different paths: 1. Smart (low complexity), 2. Medium (medium complexity), 3. Strong (high complexity). For each level of complexity, the minimum Quality, Environment, Health and Safety requirements must be satisfied, as well as the technical, economic-financial and Cybersecurity requirements.

Suppliers identified as "critical" are characterised as having a high impact on the Group's business in terms of complexity, strategic nature, high volumes and "technological" impact for what they procure for the Group. For these suppliers, Italgas requires not only document controls but also an on-site audit, certified by a third party auditor¹³⁵.

Given the nature of the Group's activities, critical suppliers in the "Strategic Works and Materials" product categories are also considered to be strategic for sustainability. For this category of suppliers, in addition to the on-site qualification audit, further investigations are carried out through specific ESG audits, either desk or on-site.

All sub-suppliers (so-called indirect suppliers or sub-contractors), regardless of their level of risk in terms of business and sustainability, are in any case subjected to a reputational check.

Finally, for some specific categories of suppliers (Start-ups & innovative SMEs), the Group adopts a simplified qualification process which involves filling in a questionnaire

134. Depending on the financial relevance and technological complexity, the products and services purchased are divided into three macro product categories: Goods, Works, Services

135. A part of its critical suppliers (strategic for the Group's core business) are also considered "critical and strategic for sustainability", considering the risk of non-compliance with obligations agreed at the qualification and/or contract execution stage on sustainability issues (climate, anti-corruption, unfair competition, labour practices, human rights, health and safety, working conditions).

and accepting the Italgas Group essential conditions. In 2022, the innovative start-ups emerging from the Open Innovation Projects launched by the Group were qualified using the smart process.

Suppliers who pass the qualification process become part of the Group's Vendor List and may, from time to time, be selected and invited to tender procedures.

Although qualification lasts for 3 years for Strong and Medium level, and 5 years for Smart level, all suppliers are asked to be proactive in updating the documentation and communicating any changes to their corporate structure, the achievement of additional certifications and any situations with a potential reputational impact. The Group verifies the economic and financial stability of its suppliers and carries out timely and recurring reputational checks.

2. Strategic planning

In the strategic planning phase, procurement plans are defined that identify future needs and determine any strategic interventions and economies of scale necessary to ensure a high value-added service in terms of efficiency, innovation, quality, cost optimisation and ESG content.

3. Tender strategy

The best awarding procedures are defined in compliance with current procedures and regulations (tender processes both in the "Procurement Code" and in the private sector), which always include minimum participation requirements or technical scoring, confirming a strong focus on both ESG content and technical specificities related to individual tender procedures. The tender process ends with the awarding and signing of the contract.

4. Management of contracts

The management of contracts with periodic progress reports are monitored in respect of the agreements reached with the signing of contracts, the quality of execution, compliance with technical specifications and timing, respect for regulations and commitments made including in regard to ESG matters.

5. Material Management and stock management

The planning and management of all the activities linked to material procurement flows necessary for the development of the business plans and the management of logistics activities, including the operation of the warehouses, are ensured.

Performance monitoring

The supplier assessment monitoring and management model, made official in 2019 through the definition of a series of indices (Supplier Scores), was realised through the work of the "**Digital Supplier Journey**" team, **activated in Digital Factory**, which aimed to find innovative and digitised solutions to monitor the technical, organisational and management capacity, as well as the ethical, economic-financial reliability and adherence to compliance aspects of Italgas Group suppliers.

More specifically, the following indicators and criteria are observed and monitored:

1. Vendor Rating operativo: supplier assessment system based on a questionnaire focussing on aspects of quality (compliance with technical requirements), conduct (relationship with the contracting authority for the entire contract period) and punctuality (observing arranged delivery times), and consequently assigns an overall score (0-100) to each supplier. During the year, 677 feedback items were collected regarding the services of 130 suppliers. A Vendor rating of less than 60 results in measures taken towards the supplier, which, depending on severity, may be:

- Warning (timely monitoring of the supplier): in 2022 8 suppliers have received warnings
- Temporary suspension of qualification (preventing participation in tenders for the entire period of suspension); 3 suppliers were suspended in 2022
- Revocation of qualification (deletion from the supplier register): in 2022, no supplier was revoked.

In addition to monitoring suppliers through the contract manager giving feedback, the Italgas Group constantly monitors activities in situ through **audits on sites** where the contractors work. During 2022, 528 audits were carried out on contractors (379 audits were performed by an external company specialised in carrying out audits on construction sites and 149 audits were carried out directly by the HSE Technical Audit department), of which 195 related to safety areas on construction sites. 90 suppliers with Strong qualification were audited focusing on quality, environment, health and safety aspects, as well as on the regular execution of works.

The company evaluation standard breaks down the critical issues detected during the verification phase into three levels: Minor, Serious and Critical.

2. **Reputational check:** the Italgas Group has developed a risk-based approach for the companies intending to gain accreditation on the Vendor List, through the verification of any circumstances that may determine the failure of a supplier to comply with the requirements laid down by Italgas. Access to information is guaranteed by the Fraud Management Team by means of due diligence with an analysis of "open sources" to monitor subjects involved in the Group's activities. For 2022, the Assessment Team examined 1,664 cases.
3. **Sustainability index:** As of 2021, every year suppliers have been asked to complete a sustainability questionnaire through the supplier portal when applying for the qualification process, which is assessed and certified by a third party (CRIF Synesgy). This Platform provides suppliers with a rating or "Sustainability Index", which certifies its ranking and allows it to obtain an action and improvement plan. Finally, the rating allows access to the Italgas Supplier Portal. Average-low ratings will be subject to development plans, and an on-site audit will be carried out, to identify the areas of improvement and monitor performances in the short and long term. From 2022 onwards, systematic monitoring will be carried out to analyse rating trends, through regular reports with a special focus on certain issues, such as, for instance, air emissions or respect for human rights and gender equality. In addition to qualification requirements, the sustainability score is also required as a minimum criterion for participation in tenders.
4. **Financial soundness index:** From 2021 onwards, the "financial solidity index" has also become part of the total supplier rating: in the event of a rating below the pre-determined threshold, the supplier will not be admitted to the next steps of the qualification process.
5. **Accident index:** 2022 saw the consolidation of the indices that make up the Vendor Rating. Accident severity matrices and subsequent measures to be taken have been outlined. The Group has published the 'Italgas Supplier Regulations', which details the measures that the company will implement in the event of an accident, according to a scale of priorities, which can go as far as revoking the qualification itself, demonstrating the close attention paid to occupational health and safety.

New Projects

The Italgas Group always promotes new sustainable development activities along the entire supply chain. To this end, for 2022, we would point out the following projects:

Supply-chain emission analysis

In the early months of 2022, work began to define the methodology used by the Italgas Group to report Scope 3 emissions, and the Scope 3 target for 2030 was defined. By filling out the CRIF Synesgy questionnaires, the Scope 1 and 2 data of the Group's suppliers that already render structured reports were made available, while for those suppliers that do not yet report Scope 1 and 2 data, an awareness-raising and training project was initiated to support them in the collection of data and related analysis aimed at scope composition. This made it possible to switch from the use of emission factors according to product class to the use of specific emission data from the suppliers involved, thereby achieving a *modus operandi* identical to what Italgas is doing in its reporting.

The Group's Greek companies and their most important suppliers were also involved in the project, which, among its various phases, includes a fundamental phase dedicated to training.

Waste management

In 2022, Italgas started a special project to optimise and redefine the processes for monitoring its own waste and the waste of its suppliers. Some of the most important activities include: (a) digitisation of the internal and external process for collecting the data required for monitoring purposes, (b) inclusion of contractual clauses aimed at promoting and rewarding waste management using waste recovery methods, (c) definition of technical specifications favouring, where possible, the re-use of excavated soil and rocks at gas pipe-laying sites.

With regard to the circular economy, a special project has been launched for 2023 to promote initiatives in this area.

Subcontractor sustainability criteria

As Tier II suppliers are an integral part of the process, Italgas has extended the verification of the reputational requirements and from 2020, they have been qualified and included on the Group Vendor List for activities that fall under road repair and cathodic protection, as well as for material supplies.

The checks on subsuppliers involve, in particular:

- compliance with the provisions of the tender specifications, in terms of performing commissioned work within the time frames, with the planned materials and with performance of the required tests;
- compliance with the provisions relating to occupational health and safety (Italian Legislative Decree 81/08) and the environment (Legislative Decree 152/06).

IT4BUY – The new purchasing platform & digital supplier journey

From the end of 2021 a digital room has been active with the aim of reviewing and digitising all procurement processes, involving suppliers in the analysis, as well as the Procurement practitioners themselves. Through development of 4 MPVs, the common goal was the digitisation, optimisation and simplification of the entire purchasing process. The project will be completed by the first half of 2023 with a new platform that allows innovative and fully digitised management, leading to greater traceability and monitoring of information, and facilitating navigation even for those interfacing with the Italgas Group for the first time. The Group has started a process of constant engagement of its suppliers and new ones to promote a continuous, correct use of the new platform, through periodic and recurring workshops.

Insurance project for contractors

The project, launched in 2020 and now consolidated, allows the companies to fulfil their insurance obligations in a smart manner, through a digital platform and by adhering to a specific agreement stipulated by the Group on the insurance market. This makes it possible to obtain optimal guarantees at competitive rates and allows business processes that used to be time-consuming and paper-intensive to be updated, and which today see the approval of the Policy document and its immediate availability to the contractor within a few hours.

Companies that have contracts relating to the construction and maintenance of networks and plants (gas and water), to activities related to building and plant construction involving construction sites, as well as to remediation work, can enter a special electronic portal and, in just a few minutes, fulfil the required insurance obligations, obtaining adequate levels of cover for the risks related to their activities.

To date, 391 policies have been issued for a total of more than 94 contracts signed.

Supplier training

In order to increasingly strengthen partnerships, Italgas launched the "HSE Partners Lab" in 2021, an active laboratory with workshops and targeted training courses that focus on ESG issues. (In addition to the technical ones, already extensively addressed in previous years). The "PARTNERS HSE LAB" project involved a significant number of suppliers on various topics of their interest. Among the workshops with the highest attendance were: "The Person in Charge and Near Misses" (with 109 participants, a total of 93 network companies and engineering suppliers), two meetings for engineering companies involved in construction site activities (26 suppliers involved, 56 participants), "Waste Management" (with 41 suppliers involved, mostly from network works and excavations), "Scope 3 - Supply Chain Sustainability and GHG Emission Data Collection" (3 meetings attended by 48 direct and indirect suppliers).

In addition, on ethical and anti-corruption issues, monthly online courses to new suppliers continue, organised in cooperation with the Italgas Legal Department.

For 2023, the Italgas Group's goal is to set up supplier training on a single digitalised platform, accessible through the supplier portal, where a series of courses on ESG issues can be offered and where the presence and participation of suppliers in the courses provided can be monitored.

SME (small and medium-sized enterprises) project

The project, which began in 2020 with the creation of two new Qualification Systems, one for gas networks, the other for water networks, aims to promote the development of the Group's supply chain, supporting initiatives to qualify, empower and grow Small and Medium-Sized Enterprises, in line with the guidelines set out in the 2022-2028 Sustainable Value Creation Plan.

The objectives of the project are: to grow SMEs dimensionally, economically and structurally, accompanying them with "targeted growth" paths and through the constant monitoring of their performance (e.g. % annual growth or % increase in turnover): % annual growth of new qualified SMEs or % increase in turnover).

During the year, 16 small and medium enterprises were qualified, which took part in tenders below threshold in accordance with Italian Legislative Decree no. 50/2016 (Tenders Code). Orders were assigned to 9 suppliers, who are carrying out the activities and whose performance is monitored through the operational Vendor Rating. In 2022, Italgas defined guidelines for the "guided" growth of small and medium-sized enterprises, not only for network operations but also for innovative start-ups and SMEs.



Green Procurement: sustainability criteria in tender procedures

The Group adopts a structured procurement process in line with the principles of free competition, equal treatment and transparency, based on traceable information.

Procurement regarding the pursuit of activities linked to the core business of Italgas mainly include work tenders for the development and maintenance of the network and supplies of materials and services (meters of various calibres and services of various types). In all tenders, both those managed in the Contracts Code and otherwise, the Italgas group applies sustainability criteria.

In 2020, Italgas updated and consolidated its procedure for issuing purchase orders, setting out the procurement activities for all companies in the Group, based on the Contracts Code for contracts of a public nature and on the Italy Civil Code for contracts of a private nature. Access to tender procedures is guaranteed to all suitable companies according to the principle of equal opportunities and is regulated by the Contracts Code, Italy Legislative Decree no. 50/2016 for the "over threshold" tenders and the "below threshold regulation".

To ensure transparency and access for all, Italgas prefers to manage procurement activities electronically using the Purchasing Portal. In 2022, the Purchasing Department conducted 98% of tenders on-line (similarly to the trend seen in 2021), for both public and invitation-only procedures.

Under the scope of the tender procedures, in addition to applying the requirements laid down by the Contracts Code (Italy Legislative Decree no. 50/2016) for a certain number of product categories, Italgas has also introduced, by way of rewarding criteria in assessing bids, the possession of requirements and certifications showing a clear attention to saving on resources and sustainable development.

In addition to the existing criteria – legality index (AGCM), accident rate (accident severity and frequency index), direct and indirect CO₂ emissions, sustainability balance – in 2022 additional evaluation criteria were added to the bids, focussed on indirect emission factors (Scope 3) and waste management.

For 2023, the aim is to include further criteria in the social sphere (especially to raise awareness and monitor the growth of gender diversity within the supply chain) and the circular economy, both in the area of material reuse and waste recovery.



ISO certifications

In order to maintain a constant and high level of quality, we require specific **ISO certifications** from our suppliers that confirm the creation, application and maintenance of a management and work organisation system consistent with specific reference standards recognised internationally.

During the qualification phase and to participate in the tender procedure, we require the following certifications:

- **ISO 9001** on quality management systems.
- **ISO 14001 or EMAS** on environmental management systems.
- **OHSAS 18001/ISO 45001** on health and safety management systems.

Their mandatory nature is a requirement of product classes with a high level of complexity, but it may represent a bonus requirement for qualification and participation in tender procedures. As well as the certifications mentioned above, as rewarding criteria in tender participation, we also ask for certifications that are not currently compulsory, but are fundamental for the Group for the purposes of environmental, social and governance impact on the entire supply chain, including:

- **SA8000** on social responsibility;
- **ISO 37001** on preventing corruption;
- **ISO 50001** on energy management;
- **ISO 27001** on information security.

The Group's goal is to increase the percentage of suppliers holding each ISO certification by 5% each year, in addition to those already required in the minimum qualification requirements.

Technical qualification audits and ESG audits

The on-site audit procedure is mandatory for "Strong" Level Goods Categories, both during the qualification and renewal phases.

Further specific audits are conducted on the processes of the production sites of suppliers of goods and strategic suppliers for sustainability.

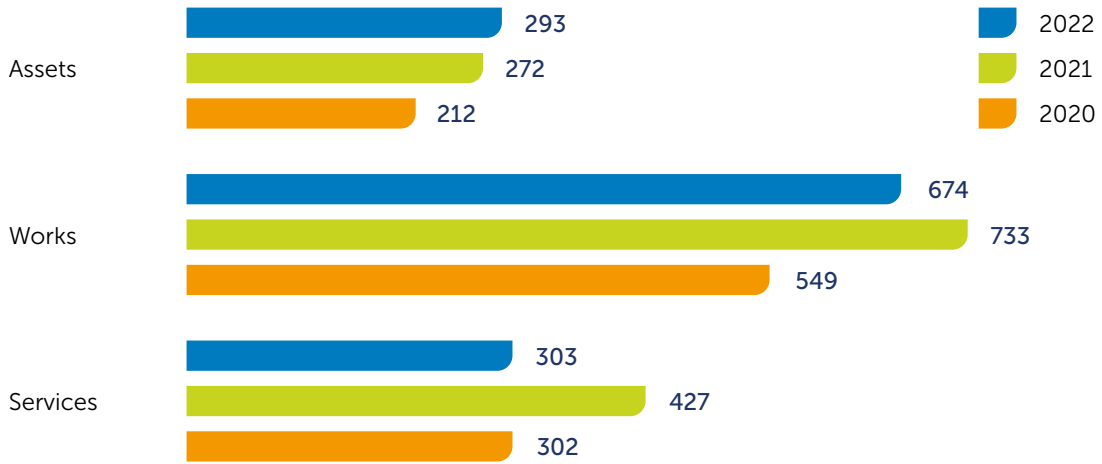
For the on-site Audits, Italgas makes use of a third party appointed and instructed to carry out the inspection at the supplier's premises. In 2022, 27 third-party audits were planned and carried out. The trend increased significantly in 2022 (about 80% more than in 2021) as a result of the favourable post-pandemic situation and more effective and structured planning.

Generally, the visit includes a visit to the supplier's premises and analysis of the documentation found there. During the audit, the assessment will be made using specific check-lists intended to check the references and/or requirements declared when filling out the qualification questionnaire. At the end of the inspection a suitability report is drawn up. The final assessment is formalised with an indication of any areas of improvement and inclusion on the Italgas Vendor List.

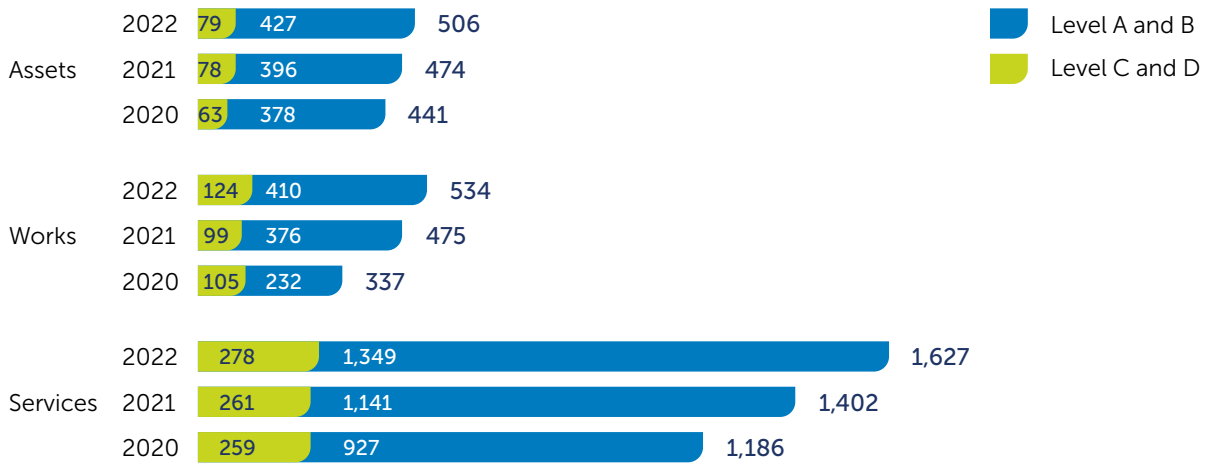
In 2022, a partner was identified to be entrusted with the list of suppliers that are subject to ESG audits, planned to start in 2023. The purpose of the audit is to check and verify the statements made by the supplier when completing the sustainability questionnaire at the qualification phase.

Main Key Performance Indicators - Italy 

Procurement by product type



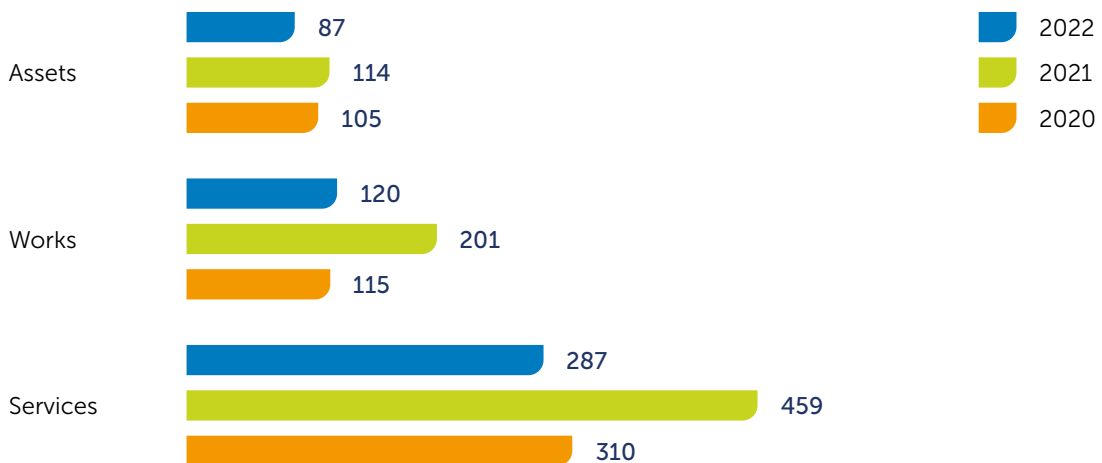
Total qualified suppliers - Italy 



Standard GRI 308-1 – New suppliers that were assessed using environmental criteria

Standard GRI 414-1 - New suppliers that have been assessed through the use of social criteria

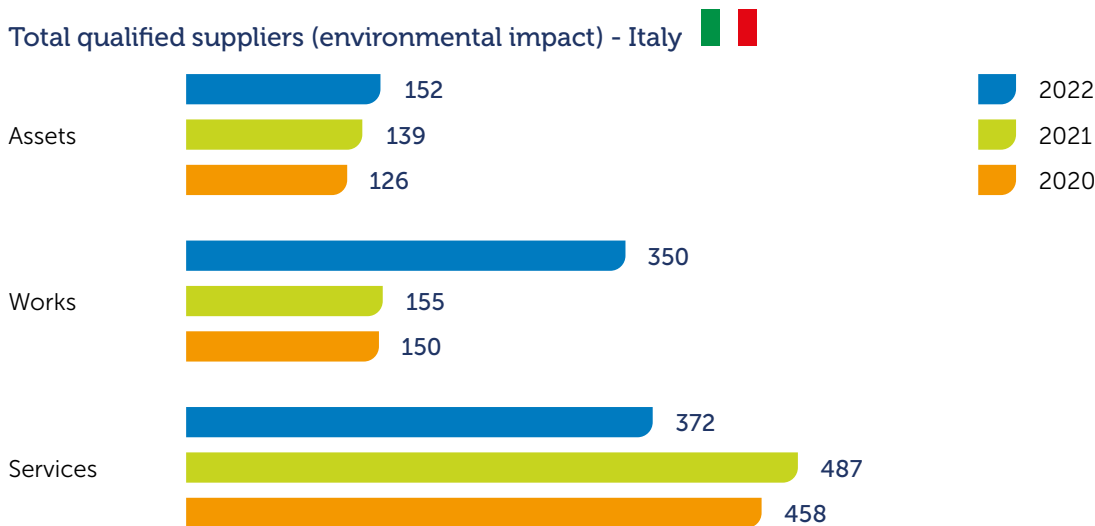
Total qualified suppliers for the year - Italy 



All Italgas suppliers are assessed according to social criteria, regardless of year and category.

On the other hand, for new suppliers in 2022 assessed using environmental criteria, the percentage is 31% for the "Goods" category, 58% for the "Works" category and 32% for the "Services" category.

With regard to the total number of qualified suppliers that received an environmental rating, the update of the criteria for defining the "criticality" of suppliers (from an A-B-C-D rating to a "Smart-Medium-Strong" rating) carried out in 2022 involved a revision of the information requirements concerning environmental impacts, especially with regard to suppliers of works and services.



6.3.4. Create value for the territory and communities

Italgas invests in the territories in which it operates by promoting social, cultural and environmental interventions, guaranteeing transparency, fairness and impartiality. The Group promotes the development and cohesion of the communities in which it works, acknowledging the central role played by stakeholders and their needs, to create social value that goes beyond the economic value.

The Company is constantly committed to assuring direct, continuous dialogue with the communities in which it works and, to contribute to their social and cultural development. The Group collaborates with bodies, associations and foundations, no-profit organisations and other parties in the area to give rise to events, projects and ventures in favour of the protection of the environment, the spread of culture, technological and scientific innovation, research and training.

In order to better manage its relations with the territory and its activities of dialogue and listening to stakeholders, the Group has defined its own "Corporate Citizenship Policy" based on the general principles of the Code of Ethics – transparency, honesty, fairness and good faith – assigns clear responsibilities regarding the management of donations, sponsorships and territorial projects.

Through this Policy, the Group has confirmed and formalised its commitment in the following areas of intervention:

- Sensitisation towards topics relating to the energy segment and responsible use of resources;
- Preparation of training and education initiatives;
- Artistic-cultural support;
- Inclusion and health lifestyles through sport

By supporting the initiatives on the territory, Italgas aims to strengthen its contribution to meeting specific Sustainable Development Goals (SDGs), constituting the 2030 Agenda of the United Nations.

In 2022, Group donations amounted to € 771 thousand, broken down as follows: Italgas, € 391 thousand; Toscana Energia, € 90 thousand; the Greek companies, altogether, € 290 thousand.

Initiatives include:

- Fondazione Teatro Regio of Turin, the city's main opera house, one of the most important theatres in Europe and internationally for opera and ballet;
- Consulta Torino for the promotion of artistic and cultural heritage, created with the purpose of contributing to developing and improving the availability of Turin's historical and artistic heritage;
- Giorgio Cini Foundation of Venice, an important centre of cultural activities and place of preservation, optimisation and research, recognised internationally. In the latter context, in particular, is the prestigious collaboration between Italgas' Heritage Lab, the place for the conservation, enhancement and digitisation of the company's historical heritage, and the various institutes of the Fondazione Cini, including the centre for ARCHiVe Analysis and Recording of Cultural Heritage in Venice.

Of the Group companies, Toscana Energia is a member of the foundations of two important theatres in the territory where it operates:


- Teatro del Maggio Musicale Fiorentino, which organises the oldest Italian music festival and is the international point of reference for ballet and grand opera;
- Teatro Verdi in Pisa, a historic cultural institution of the Tuscan city.


In 2022, the Italgas Group activated sponsorship initiatives worth € 1,443,000 mainly aimed at art, culture and sport.

Sponsorships and donations are managed in application of a formalised process governed by specific internal procedures that regulate all stages of the activity from the initial proposal and assessment through to contract management, monitoring and reporting.

All sponsorship requests received, after assessment by the competent corporate departments, in accordance with the procedures, are submitted to the Chief Executive Officer of the company concerned for authorisation before the relevant contract is drawn up.

Donations initiatives are subject to periodic reporting (every six months) to the Board of Directors of the company involved in the initiative, overseen by the Head of the External Relations and Sustainability Department supported by the Human Resources Department (in case of initiatives directed at employees);

 Italy				
Sponsorships and donations	u.m.	2020	2021	2022
Sponsorships	k€	1,086	970	1,319
Liberal donations	k€	2,029	324	481
Total	k€	3,115	1,294	1,800

 Greece		
Sponsorships and donations ¹³⁶	u.m.	2022
Sponsorships	k€	124
Liberal donations	k€	290
Total	k€	414

136. The figures in the Consolidated Non-Financial Statement for DEPA Infrastructure SA and its subsidiaries reflect the effects of consolidation as at 1 September 2022.

Toscana Energia: “Disegna la tua energia!” [Draw your energy!]

The project involved 500 students from 21 primary school classes in the provinces of Florence, Pistoia and Prato and was carried out with the aim of encouraging children, in a simple and fun way, to respect the environment and its resources. Four Energy Superheroes accompanied the students on this journey of discovery and insight: Dottino, Soffio, Scintillo and Goccia, experts in energy sources, gave good advice on how to avoid waste. These four protagonists animated the educational material distributed for the children to learn, play and receive the «Energy Superhero» certificate.

Italgas/Medea: “LaNuova@Scuola”

Italgas and Medea also participated in 2022 in the LaNuova@Scuola project, promoted by the newspaper La Nuova Sardegna, to develop opportunities for information and training in the field dedicated to students and teachers from Sardinian schools.

The meetings were attended by more than 500 students from 60 high schools who met the top managers of Italgas and Medea. The project had multiple objectives, including: sharing information on the energy and gas distribution sector, to develop relations between the company and schools, to promote the development of talent and to support guidance around decisions about transitioning to university or looking for a job.

Digitisation and education: Italgas donates 1,000 computers to schools in Sardinia

In February 2022, the Company donated 1,000 computers to the Regional School Office of Sardinia, thanks to which 45 new computer rooms were set up in as many schools across the island. The support of the digitisation of schools in the Region has strengthened the bond with the territory and Sardinian communities, coming under the broader scope of activities that the Italgas Group carries out in the communities in which it is present and operates. In the case of Sardinia, support in training the new generations is part of the Group's comprehensive commitment to help assure the territory's social and economic development; a commitment that in terms of the development of energy infrastructures, is taking the form of major investments aiming to equip the municipalities of the 18 basins under concession with more modern, cutting-edge gas distribution networks.

HERITAGE LAB - Two hundred years of energy memory

What it is

The Italgas Museum and Historical Archive converged, optimising, into the Italgas Heritage Lab, a physical and virtual museum-laboratory, designed with the experts of the Giorgio Cini Foundation of Venice and the ARCHiVe ("Analysis and Recording of Cultural Heritage in Venice") centre, which aims to explain the very process of digital transformation of the major assets of Italgas, to share its day-to-day activities, method and technologies used in the digital acquisition of documents, with the public. The digitisation offices are therefore an integral part of the tour experience, completed by the Data Square in which the scans produced can be used. Heritage Lab is a workshop of knowledge, experiments and digital innovation, sharing with the community and territory, in a place, the site of Largo Regio Parco 11, Turin, which is the result of a recent renovation and requalification.

Mission

Digitise assets of 3 linear km of documentation, dating back from 1288 to 1990 and make it available to historians and researchers the world over: this is the Heritage Lab objective. With innovative technologies, automated processes and expertise, the Italgas museum laboratory aims to hold the position of reference cultural player for the optimisation and digitisation of industrial heritage, guiding the digital evolution with continuous research and feeding into positive relations with institutions, universities and research centres

Acquire

The document route starts in the Historical Archive, where a team of professional archivers identifies the valuable nuclei: documents of particular importance to the history of Italgas or the country. The selected nuclei reach the Heritage Lab where, on the basis of the format and storage conditions, digitisation is started, with specific sets and scanners: Replica, the rotary scanner designed by Factum Arte for photographic positives and small formats; Piano Aspirato for large format glossies and designs; Stativo, the zenith option for fragile materials and details; and Vscanner for bound printed materials. Once the acquisition has been completed, the automatic post-production algorithms and optical font reading are applied.

Share

Record, report, digitise and meta-date are the actions carried out every day in the Heritage Lab to share the archive knowledge. This knowledge is today shared and used in a portal: heritagelab.italgas.it, on-line since October 2022. Sharing, however, does not mean simply publishing. Sharing is above all making available for reuse, by users, researchers, scholars and new meaning creators: with extensive use of Linked Open Data, data is interoperable, completely open and machine readable. The management of digital annexes is then delegated to a Digital Library inspired by the International Image Interoperability Framework (IIIF), a set of standards for displaying high quality digital objects in various areas of the web.

Partnership

Heritage Lab is open and functional to the creation of collaborations with other national and international realities, like the Time Machine Consortium, a network of more than 14,000 institutions and more than 100,000 professionals in the sector, busy analysing the past with the aim of mapping the European geographic, social and cultural evolution. The optimisation projects with research centres include collaboration with the Contemporary Jewish Documentation Centre Foundation of Milan, which researchers through the respective archives, historical information on the second world war.

Martini

In October 2022, collaboration officially started between Heritage Lab and Martini & Rossi. For the first time ever, the Heritage Lab technologies and staff have been made available to another Italyan company. The shared aim is to digitise thousands of photographs that make up one of the most iconic funds of the historic archive of Martini & Rossi and which include pictures collected from 1957 to 1990: Italyan and foreign great cinema directors and actors and protagonists of the world of art are the essence of a space, the Martini terrace in Milan, which has welcomed memorable guests of the level of Monica Vitti, Marcello Mastroianni, Pier Paolo Pasolini, Michelangelo Antonioni, Vittorio De Sica, Herbert von Karajan, Alberto Moravia, Rudolf Nureyev, Jeanne Moreau and hundreds of other artists, associating their fame with the great evocative setting that is the historic Martini Terrace.

The inclusion project

Three new resources were added to the staff of Heritage Lab as library, newspaper library and museum collection officers of Italgas. The resources were selected jointly by Italgas and the social cooperative «Il Margine B» as part of the project to reintegrate vulnerable people into the labour market in accordance with Article 14 of the «Biagi Law», Legislative Decree no. 276/2003, based on an integrated approach to targeted employment, with positive effects for all parties involved: the Company, the social cooperative and the vulnerable people who are able to exercise and improve their employability in a work environment that listens to their needs.

One year of work

During the first year of activity, the project provided the staff involved with the opportunity to measure and increase their employability with specific objectives, functional to the growth of Heritage Lab, such as the filing of more than three thousand volumes, the digitisation of Italgas Group magazines and the Gazzetta della Repubblica Sociale Italiana, acquiring specific professional skills in the field of digital humanities. Not only that: the enthusiasm and involvement of the staff themselves gave new impetus to the work, making it possible to identify new narratives regarding the Company's heritage, with proposals for the development of documents that proved useful and productive.

Economic value generated and distributed

The statement determining and breaking down Economic Value, generated directly by the Group, has been prepared reclassifying the consolidated profit and loss account as envisaged by the GRI Standards and distinguishing between three levels of economic value: that generated/produced, that distributed and that withheld by the Group.

The economic value represents the comprehensive wealth created directly by the Group, which is thereafter split between the various stakeholders: suppliers, employees, lenders, shareholders, Public Administration and general public.

In 2022, the value generated by the Group was € 2.327,3 million (+3.6% on 2021), divided up between Italy, € 2,271.8 million and Greece, € 55.5 million.

Of this, € 612.4 million have been kept in the company and € 1,714.9 million have been distributed to stakeholders. Specifically, of the total value distributed, 50.7% went to suppliers (€ 869.0 million), 16.3% to employees (€ 278.9 million), more than 15.7% to the shareholders (€ 269.8 million), approximately 13.6% to the Public Administration Authorities (€ 233.1 million) and 3.6% to lenders (€ 61.9 million). € 2.2 million was allocated to the community, a 70.2% increase compared to 2021.

Standard GRI 201-1 Direct economic value generated and distributed ¹³⁷					
	u.m.	2020	2021	2022	Change % 2021-2022
Distributed					
Suppliers	m €	756.4	867.5	869.0	0.1
Personnel	m €	266.9	267.4	278.9	4.3
Lenders	m €	56.4	59.5	61.9	4.0
Shareholders	m €	243.6	252.9	269.8	6.7
Public Administration	m €	229.8	232.5	233.1	0.3
Community	m €	3.1	1.3	2.2	70.2
Withheld					
Company	m €	550.5	566.1	612.4	8.2
Total value generated	m €	2,106.7	2,247.2	2,327.3	3.6

Approach to taxation

The Italgas Group has adopted a **Tax Strategy**¹³⁸, intended as a set of **principles and guidelines** inspired by the values of the **Italgas Code of Ethics**, transparency and legality, which guide not only fiscal choices, but also those related to the core business of the Group as a whole.

The tax strategy of the entire Group aims to

- guarantee the correct calculation and settlement of taxes due by law (and execution of connected obligations), well aware that management of taxes is an integral part of the broader economic and social role the Group performs in the Country it operates in;
- control the fiscal risk, understood as the risk of violating tax regulations or of operating against the principles or purposes of the tax system.

The core principles of the Tax Strategy, i.e. the **principle of legality, dissemination at all levels of the Company**, according to a Tone-at-the-Top approach, and **cooperation and transparency with the Tax Authorities**, are set out in the following guidelines:

- **compliance** with the **laws and principles of the tax system**;
- **non implementation** of **aggressive tax planning**, intended to achieve conduct and transactions that result in purely artificial arrangements, aimed at obtaining an undue tax advantage;

137. This value includes all companies within the scope of consolidation, thus including the contribution of the DEPA Infrastructure Group for the period Sept-Dec 2022.

138. The Strategy, approved by the Board of Directors of Italgas S.p.A., is published on the website <https://www.italgas.it/governance/etica-dimpresa/strategia-fiscale-e-tax-control-framework/>.

- **management and control of economic, financial, reputational and criminal risks related to taxation**, with due professional diligence, ensuring the adequacy of resources, organisation and internal rules to oversee taxation.
- commitment to ensure, in all circumstances, **honesty, cooperation, fairness and transparency** in its relations with the **Tax Authorities** in order to foster the development of constructive and professional relationships.
- **raising awareness of tax risk**, promoting adequate training on tax issues, in order to effectively monitor the tax risk associated with business activities and to foster the creation of a corporate culture aimed at compliance with tax regulations and controlling the risk of non-compliance with the same.

Tax governance, risk control and management

In order to ensure adequate **control of the tax variable** and to strengthen its Internal Control and Risk Management System, the Italgas Group has adopted a system to control and monitor tax compliance, the so-called Tax Control Framework (hereinafter also TCF).

The TCF ensures the control of the tax variable **with regard to risk concerning**:

- **the correct fulfilment** of tax obligations, by identifying potential tax risks and oversight measures implemented to mitigate them;
- **the grounded interpretation of tax regulations**, through a specific internal procedure that assures the analysis of all tax uncertainties, internal decision-making escalation and discussions with the financial administration;
- **tax fraud** - The theoretical tax risks mapped and any fraudulent conduct are assessed, taking into account: (i) the tax crimes coming under the scope of the predicate offences; (ii) the fraud schemes identified by the Association of Certified Fraud Examination ACFE and/or identified in the 262 Model.

The TCF is designed according to the **three lines of defence model**:

1. management responsible for implementing control measures on risks involving their area;
2. the Tax Risk Manager – who oversees the process of identifying, assessing, managing and controlling tax risk – and, as competent, the other Compliance Departments (SCIS, ERM, etc.);
3. Internal Audit, responsible for providing assurance on the design and function of the Internal Control and Risk Management System.

In order to ensure the effective operation of the TCF, **periodic tax risk assessment activities** are carried out, involving all corporate departments responsible for business processes on which tax risks exist.

The results of the TCF monitoring are formalised in the **Annual Report** and submitted for examination of the Administrative Bodies, Corporate control and Financial Administration.

Approach to the relationship with the tax authorities

With the aim of guaranteeing conditions for the implementation of the Tax Strategy, in 2019, a process was launched aimed at the gradual admission of Group companies to the Cooperative Compliance regime referred to in Legislative Decree no. 128/2015, aimed at reducing the level of uncertainty on tax issues and preventing the emergence of tax disputes through continuous and preventive forms of dialogue on situations likely to generate tax risks.

Currently, the **companies under the Co-operative Compliance regime** are: **Italgas S.p.A., Italgas Reti S.p.A., Toscana Energia S.p.A., Medea S.p.A. and BluDigit S.p.A.**

Remaining in the regime allows for continuous and preventive dialogue with the Revenue Agency, and is an indicator of the **constant application** of those **principles of fairness, transparency** and awareness of the fulfilment of tax obligations that characterise the Company's behavioural policy in relation to the tax.

Country by Country reporting

In order to provide maximum transparency on how it manages taxation, Italgas discloses its financial, economic and tax information for each jurisdiction in which it operates.

This reporting, referring to the year 2021, provides an indication of the extent of the Group's activities and the contribution it makes, through taxes, in these jurisdictions.

For the purposes of this Report, it is specified that, the scope of the disclosure and the data reported were prepared according to the "Country-by-Country" reporting provided for by Article 1, subsections 145 and 146, of Law no. 208 of 28 December 2015.

Description of the organisation's main activities	Employees (n) [A]	Revenues from sales to third parties [B]	Revenues from intragroup transactions [C]	Profit/loss before tax [D]	Tangible assets other than cash and cash equivalents [E]	Income taxes paid [F]	Corporate Income Taxes Accrued on Profits/Losses [G]
Italy The Italgas Group operates mainly in the gas distribution sector through the companies Italgas Reti S.p.A., Toscana Energia S.p.A. and Medea S.p.A. The Group is also active in the energy efficiency sector through the companies Geoside S.p.A. and Fratelli Ceresa S.p.A. (the latter merged into Geoside S.p.A. in 2022) and manages the integrated water service concession in 5 municipalities in Italy through Italgas Acqua S.p.A. In 2021, the company Bludigit S.p.A. was established, where all the Group's information technology activities were concentrated.	3,937	1,365,048,061	1,035,317,015	792,050,833	7,654,152,532	206,922,943	162,666,617

The data summarised below refer to Italgas S.p.A., Italgas Reti S.p.A., Medea S.p.A., Gaxa S.p.A., Geoside S.p.A., Italgas Acqua S.p.A., Italgas Newco S.p.A. and Fratelli Ceresa S.p.A.

A methodology note explaining the method of determination is provided below for each item:

[A] The number of employees is calculated using the Full Time Equivalent (FTE) methodology.

[B] [C] The items "Revenues from sales to third parties" and "Revenues from intra-group transactions" include not only the positive items relating to routine operations but also extraordinary and financial income. Instead, dividends received from other Group entities are not included.

[D] [E] The items "Profit/loss before tax" and "Tangible assets other than cash and cash equivalents before tax" are represented on an integrated basis and include transactions implemented with other Group entities.

[F] The item "Income taxes paid" on the basis of the cash criterion includes tax paid by each Group entity during the reporting period, net of any income tax rebates collected during the same period, regardless of the tax period to which such tax and rebates refer, does not include tax paid on dividends received from other Group entities.

[G] The item "Corporate income taxes accrued on profits/losses" includes for all Group entities the current tax expense accrued and recorded on the income statement, in connection with taxable profit or loss recorded in the reporting year; contingencies are not included for tax relating to previous years, prepaid/deferred tax and provisions for tax risks. Insofar as of interest herein, it is specified that the tax accrued and paid suffers the application of tax rules, such as use by the companies adhering to the Italgas S.p.A. tax consolidation of tax losses, interest expense, and period and previous ACE, according to the Group taxation mechanisms.